

Institutional and Social Factors Influencing Informal Sector Activity in Sub-Saharan Africa: A Nigerian Case Study

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Abstract

The extant entrepreneurship literature is replete with competing narratives about the concept of informal sector (IS). Also, IS' potential as a source of income and the behavioural tendencies of operators in the sector remain highly contested but under-researched. In particular, not much is known about the incentives and the motivations for engaging in informal economic activity from the perspective of Sub-Saharan African (SSA) context where a significant proportion of all economic activities are informal. Thus, the lack of conceptual clarity and consensus about the underlying factors driving individuals into informal economic activity constitutes a major knowledge gap. To fill this gap, this study seeks to clarify the domain of IS from a SSA viewpoint, and through this paves the way for a more holistic understanding of the behavioural tendencies and motivations of IS operators in SSA. Specifically relying on the institutional, social exclusion, and personality trait theoretical frameworks, the study demonstrates how a combination of separate yet related phenomena of personality traits, institutional factors, and more importantly, situational factors that manifest as perceptions of social exclusion serve as the incentives and the motivations to engage in informal economic activity in SSA. To achieve its goal, qualitative primary data obtained through thirty-eight semi-structured interviews were transcribed verbatim and analysed using Nvivo. Firstly, the study found that institutional ambiguity, institutional delinquency, institutional passivity, and institutional incongruence are sources of voids in Nigeria's institutional framework that influence an individual to enter the IS. Secondly, social exclusion regarding lack of access to requirements such as finance and formal education to start and sustainably operate a business influences people to enter into the IS. Lastly, the findings indicate that personality traits' influence regarding the decision to engage in informal economic activities is dependent on individual circumstances. These are valuable contributions to the stock of knowledge about the IS. Particularly, the identification and categorisation of four specific institutional voids and partitioning of the sources of exclusion; the finding that in

adverse economic circumstances personality traits could influence potential opportunity-entrepreneurs to start-up in the IS; the finding about the role of trade associations; and the new understanding about the collaborative dimension of corruption in the context of IS practice, represent a significant contribution of this study. These contributions are valuable not just in terms of creating new windows of research opportunities, but also for evidence-based policy relating to the IS that is appropriately targeted at relevant groups. This is in addition to facilitating collaborations for business support, enlightenment, improved business practice, and inclusive growth.

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List of Abbreviations and Acronyms

ADB	Africa Development Bank
AU	African Union
CAC	Corporate Affairs Commission
FIRS	Federal Inland Revenue Service
FS	Formal Sector
GDP:	Gross Domestic Product
ICLS	International conference of labour statisticians
ILO	International Labour Organisation
IS	Informal Sector
IYC	Ijaw Youth Council
NAFDAC	National Agency for Food and Drug Administration and Control
NGO	Non-Governmental Organisations
OECD	Organization for Economic Cooperation and Development
SAP	Structural Adjustment Programme
SMEDAN	Small and Medium Enterprises Development Agency of Nigeria
SON	Standards Organisation of Nigeria
SSA	Sub-Saharan Africa
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UN	United Nations
WIEGO	Women in informal employment: globalising and organising

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Chapter One: Introduction

1.1. Chapter Overview

This chapter introduces the various components of the thesis. It includes the background to the study and context, the objectives as well as the structure of this thesis.

1.2. Background and Context

Informal economic activities have always existed in Africa (Sparks and Barnett, 2010). The African traditional artisan and craft system of production and exchange provides an entrepreneurial-based historical background of the informal sector (IS) in Sub-Saharan Africa (SSA) (Palmer, 2004). Xaba, Horn, and Motala (2002) describe a traditional African socio-economic system that existed before the advent of colonialism. According to them, this system evolved sophisticated craft industries and market economies that formed a nucleus for small-scale indigenous entrepreneurship and enterprise. Evidently, the "informal sector" (IS) in Africa may have had its roots in such traditional artisan and craft-based enterprise.

Meager (2007) identified four perspectives on informal institutions that are relevant in any attempt to examine the historical antecedents of the IS in the African context. According to her, the IS can be explained based on the evolutionist, legal pluralism, structuralist and, the post-structuralist perspectives on informal institutions in relation to their mode of resources mobilisation, legitimacy and power. These perspectives are discussed in more detail in chapter three.

From the perspective of economic development the IS in Africa acts as a source of income and employment generation for millions. In emerging economies, particularly in

developing African countries such as Nigeria it is estimated that the IS accounts for up to 60% of Gross Domestic Product (GDP) (Munro, 2011; Webb et al., 2012). Also, Chen, Jhabvala and Lund (2001) estimate that 72% of total non-agricultural employment in SSA is in the IS. This estimate increases to 78% if South Africa is excluded because of the low incidence of IS activities in this country compared to other African countries.

In addition, 61% of all urban employment and 93% of all new employment in SSA can be found in the IS. Similarly, Potts (2007) noted that the above estimates fit more with general observation and consensus emerging from different case studies, which suggest that 80% of Africa's labour force is located within the IS. This is significant and shows that the IS has shown a great potential in helping to transform SSA's socio-economic landscape (Meager, 2007; Chen, 2007, Xaba, Horn, and Motala, 2002).

The SSA context, as well as other less developed regions of the world, appear to have particular characteristics that have tended to promote the IS mode of entrepreneurial practice (Spring, 2009). It has been observed that informal economic activities in the SSA context are entirely different in comparison to other regions of the world. Referring to the SSA context, Lavalley and Roubaud (2009) argued that "operating in the IS is rather the rule than the exception and no recent systemic change may explain this fact. Thus, concepts used to analyse the IS elsewhere are not necessarily applicable to SSA, or at least, their focus may be less relevant in this context" (p. 413). Therefore, there is a need for a contextual understanding of what constitutes informal economic activities as well as the triggers of informal employment in SSA context.

The ILO (2013) indicates that globally, employment grew at an average annual rate of 0.9% between 2008 and 2012. This growth rate, according to the report, is 0.6 percent points below the estimate in the period before the world economic crisis. In the same period, however, it is reported that the SSA's employment growth rate surpassed the pre-crisis rates credited to economic activities in the IS (ILO, 2013).

Verick (2006) citing Xaba, Horn, and Motala (2002) summarises the experience of some African countries showing that while there has been a decline or stagnation in employment growth in the formal sector (FS), the IS has continued to generate employment and income opportunities for many unemployed people. This is seen in the relatively favourable economic growth forecasts in the SSA driven by the IS, compared to the rest of the world (ILO, 2013).

In fact, current perceptions about the IS in SSA portray the sector as a haven of opportunities for many unemployed individuals (ILO, 2002). Thus, these realities have led to a change in perception about the notion of economic activities in the IS. Notably, as Fasanya and Onokoya (2012; p.50) surmise: “IS is most often modelled as the optimal, rational response of economic units (producers) to government-induced distortions rather than disadvantaged end of dualistic labour markets”. Government-induced distortions in this context relates to institutional governance failures, but informal entrepreneurship as the response to institutional failures should not be considered as mundane economic activities.

The IS has so far been portrayed as having positive economic effects in the SSA context and particularly in Nigeria where a significant percentage of small businesses are known to operate informally. Fundamentally, the IS and the factors promoting its growth in SSA can be understood by considering a number of issues such as population growth, GDP growth, and capacity of the state to create new jobs; the business environment, efficiency of state institutions; governance failures; and lack of education and training for entrepreneurial effectiveness. However, the way these issues are defined, reported and conceptualised in the literature sometimes detract from the current optimism associated with the sector.

For instance, the relationship between population growth and expansion of the IS is often viewed from the perspective of the inability of the FS to create new employment opportunities (Sparks and Barnett, 2010; Hull, 2009; Potts, 2007). Nonetheless, concerns

about population growth in Africa and its impact on the size of the IS arise from the fact that there is a mismatch between growth in the workforce population and the ability of the State and the FS to create job opportunities that can accommodate the economic needs of a growing population (Letagum Institute, 2013).

As a consequence, there is a low level of productivity amongst the workforce with majority of people entering the IS driven by the necessity to make a living and avoid poverty. This would then negatively reflect on the GDP and growth of the economy (Wannekers et al., 2005; Acs, Desai, and Hessels, 2008). Thus, a vicious circle could be created since the adverse economic conditions would further cause an increase in unemployment, and consequently, create more necessity entrepreneurs in the IS. This shows how necessity-driven entrepreneurship motivation is linked with and contributes to increase in the incidence of informal economic activity.

The situation described above is perhaps useful in explaining the need for governments to ensure that the institutional contexts and the business environment are fit for purpose, i.e., able to catalyse the process of entrepreneurial endeavour. Within this, the presence or absence of institutions (e.g. financial and legal institutions) will have a particularly vital role, especially regarding the determination of people's predisposition to engage with the FS or the IS (Acemoglu, Johnson and Robinson, 2005; North, 1991). Improving the efficiency of formal institutions would eliminate, or at least reduce the exclusion of individuals from economic opportunities and improve their socio-economic conditions. This would translate to meaningful employment and increased business growth in the IS. This role of institutions in catalysing the process of entrepreneurship makes Nigeria an interesting experimental context to research the IS as demonstrated below.

1.3. Rationale for the Choice of Nigeria as the Study Context

As the most populous country in Africa (some 180+ million) and seventh globally, Nigeria is by far the largest economy. It accounts for 77% of the total GDP of the Economic Community of West African States (ECOWAS) sub-region, where a significant proportion of all economic activities are informal (Bloch et al., 2015; SMEDAN, 2010). As a net exporter of 4% of global crude oil output, Nigeria's over-dependence on oil revenue is a source of worry to many, particularly in the light of dwindling crude oil exports since 2012 (Adesola, Adedosun, and Adekola, 2014; Oshewolo, 2010). This has prompted economic transformation. Particularly, there is increasing pressure on the government to encourage more investment in Nigeria's agricultural sector, which remains the largest employer of labour.

Also, private-sector led investments in the services sector including mobile-telecoms and the entertainment industry have spurred unprecedented levels of economic activity in the IS. The IS contributes nearly \$US180billion to Nigeria's economy, which accounts for more than 35% of its GDP as at 2015 (AFDB, 2017). Notwithstanding the new economic emphasis, a very large segment of the Nigerian population remains below the empowerment line because of disproportionate income distribution (Ajayi and Ademokun, 2010).

The problem of income distribution in Nigeria is hinged on the inability of successive governments to formulate a solid framework for economic diversification and inclusive income opportunity (Dada, 1985). This has inhibited the growth of the non-oil sector of the economy, which in turn has led to high-level unemployment in the country, particularly among young people (Fasanya and Onakoya, 2012; Otekhile and Mathew, 2017). Like all other economies in SSA (e.g. Benin and Mali) with a similar experience, the unemployed resort to informal economic activity for their livelihoods (Ajayi and Ademokun, 2010; Fapohunda, 2012). This situation underscores the significance of the IS in Nigeria's socio-

economic fabric. Meagher and Yunusa (1996) argue that Nigeria has the largest and the most dynamic IS in SSA. However, such optimism regarding the economic potential of the IS in Nigeria could be marred as a result of apparent governance failures in the country.

Institutions and the governance of these institutions are critical issues of economic development in most developing economies, such as Nigeria (Ojo, Aworawo, and Ifedayo, 2014; Dike, 2010; Lewis, 2006, 1996). For instance, in Nigeria, issues of systemic corruption, lack of political will, exclusion from economic opportunities, ineffective or dysfunctional regulatory apparatuses, and the consequent perceptions (either positive or negative, wrong or correct perceptions) associated with these societal ills, have created and further reinforced a sense of non-responsiveness on the part of the citizenry to civic responsibilities (Chikoto-Schultz and Uzochukwu, 2016; Falade and Adeyemi, 2015).

On the political front, there is a seeming indifference characterised by impunity enjoyed by the political elites for governance failure and mismanagement of state institutions, which has consequently led to a backlash, ambivalence and a noticeable feeling of alienation among the governed. This feeling of alienation manifests itself in different forms of criminal or corrupt activities, thus, resulting in the insecurity that threatens Nigeria's socio-economic development (Ogbeidi, 2012).

1.4. Statement of the Problem and Research Objective

With a significant labour-absorption capacity, the IS has become a viable alternative to job creation in many developing economies, especially in the face of stagnant labour markets and high level of unemployment, in Africa (Fapohunda, 2012). Thus, various stakeholders at all levels of government have a renewed interest in this sector. For instance, the World Bank and the International Labour Organisation (ILO) are now partnering with African governments to promote meaningful employment in the IS. Such partnership is in recognition of the role of the IS in creating employment and reducing poverty. ILO's

(2002) assessment reports that most IS operators show “real business expertise, ingenuity, enthusiasm and novelty”, thereby making the IS “an incubator” for new business start-ups and a window of access to the wider economy through economic linkages with the FS (p. 54).

At a less substantial but important level, current perceptions portray the IS as a viable model for dealing with economic and social problems related to unemployment and poverty. Ironically, although the viability of IS economic activity as an economic model is challenged (Gyimah-Brempong and Kimenyi, 2013; Huitfeldt and Jutting, 2009; AU, 2008), many however believe that the sector provides a means of family subsistence income and sustainable employment, especially in SSA. For instance, Chen (2007), argued that the IS has emerged as a significant socio-economic fabric of many SSA economies. Lavalley and Roubaud (2009) posit that in SSA, the IS has become a major engine for employment, entrepreneurship and economic growth. With such optimism, it is important therefore to examine the extent to which the IS holds the potential for poverty alleviation in the SSA region. This would involve a scrutiny of the motivations and the behavioural tendencies of IS operators as these behavioural factors partly determine the extent to which an individual’s involvement in the IS can in practical terms lead to poverty alleviation.

The link between the IS and poverty alleviation can be seen in the global efforts (e.g. through MDGs, SDGs) to tackle poverty, especially in developing countries through investment in programmes that empower those in the bottom of the pyramid. Not surprisingly, SSA countries are among the regions where poverty, and therefore the focus of such efforts have been most apparent. In Nigeria, the IS has become a subject of much discussion and policy debate in recent times.

With household incomes on a downward trend because of high rates of unemployment, it is increasingly difficult for families to meet up with their everyday needs. Considering that huge capital outlays are required to set up viable firms that would yield high returns, the IS

in almost every case becomes the only option available for individuals to try to gain economic emancipation (Fasanya and Onakoya, 2012). Therefore, if the potentials can be properly channelled, the IS appears to hold the promise for addressing issues of unemployment and poverty in Nigeria (Akintoye, 2008; Ajayi and Ademokun, 2010). With such potentials the IS phenomenon in Nigeria needs to be understood, but knowledge of the various IS phenomena would more appropriately come through a deliberate process of research.

Further to ILO's study (Fapohunda et al., 1975) which examined the fundamental issues of IS' relationship with employment, poverty etc., various other studies have attempted to investigate other relevant IS-related phenomena specifically in the Nigerian context. Thus, studies of the IS in Nigeria have covered such questions as the relationship between rural-urban migration and the IS (e.g. Bello-Bravo, 2015); economic linkages between the formal sector and the informal sector (e.g. Olomolo, 2010; Arimah, 2001); informal waste management (e.g. Nzeadibe and Anyadike, 2012; Ndeadibe, 2013); IS and the economy (e.g. Otekhile and Mathew, 2017; Onwe, 2013); urban planning, health, and environment and the urban informal sector (e.g. Ohajinwa et al., 2017; Onyenechere, 2011; Nwaka, 2012); employment creation (e.g. Yusuf, 2014; Fasanya and Onakoya, 2012); education and apprenticeship (e.g. Onokala and Banwo, 2015; Behar, 2013). Labour policies (Ikeije, Akomolafe and Onuba, 2016); gender differentiation in the IS (e.g. Fapohunda, 2012; Soetan, 1995).

Although some of the studies indicated above tend to have IS causality implications especially as it relates specifically to the investigation of underlying factors for engagement in informal economic activities, only an insignificant number of empirical studies exist in the Nigerian context. Even these have focused on examining isolated factors, mostly at the city or regional levels of analysis. In almost all the cases, secondary sources of data were relied upon to measure the size of the IS and determine quantitatively

the causes of the IS phenomenon (e.g. Ademola et al., 2015; Ogbuabor and Malaolu, 2013; Solomon, 2011).

The contextual analysis done in this study indicates that issues relating to institutional voids and social exclusion in Nigeria implicate people's decision to engage in informal economic activities. However, a search of the IS literature has shown that in Nigeria the relationship between institutional voids, social exclusion, and personality traits respectively, and people's decision to engage in informal economic activities have not been examined. Therefore, this study comprehensively examines the underlying factors that influence individuals' decision to engage in informal economic activities by combining these three perspectives (i.e., institutional voids, social exclusion, and personality traits) in a single framework. Specifically, this study aims to achieve the following objectives:

- (1) To clarify the domain of IS and informal economic activity
- (2) To analyse the effect of institutional voids on the individual's propensity to engage in informal economic activities.
- (3) To examine how situational factors related to social exclusion explain the individual's decision to enter the IS.
- (4) To explore the role of an individual's personality traits in the decision to enter the IS.

Micro-level analysis of social phenomena is of immense value and obviously has an important place in social science research (Lavrakas, 2008). Investigating the underlying factors influencing IS activities at the individual level is important since it enables understanding of the conditions, experiences, perceptions, as well as the aspirations and expectations of individuals that give rise to, or have a bearing on the incidence of IS activities. Knowledge of these underlying factors forms the basis for more appropriate and

evidence-based policies relating to the IS, which are designed to improve the welfare of the operators in the sector.

1.5. Organisation and Structure of the Study

Chapter two provides a comprehensive theoretical and contextual analysis of the IS as well as its practices in SSA, with a particular emphasis on the Nigerian context. The chapter is divided into two main sections. The first section examines the theoretical foundations of the IS, paying critical attention to definitional and conceptual clarification in the process. The second section delineates the unique features of the IS in SSA as well as how these features differ from those of other regions such as North Africa, Asia, Latin America, and Europe.

Chapter three explores three distinct yet related theoretical frameworks as a route to understanding the primary factors and interrelationships in decisions to engage in informal economic activities. These are achieved through a review focusing on the institutional theory, social exclusion, and psychological trait theory. In this chapter, the rationale for the choice of three theoretical overlaps is also explained, which is the frequency of their occurrence both in the contextual analysis and in the review of IS literature.

Chapter four presents the research methodology, the research philosophy and approach, the research strategies, and the issues relating to qualitative research rigour and their implications for this study are also examined in this chapter.

Institutional voids, factors associated with social exclusion, and psychological trait factors are used broadly to inform discussion of the research findings in chapter five.

Finally, chapter six revisits the purpose of the study and its limitations. It draws from the findings to present this study's contributions to knowledge. These contributions have implications for future research and policy development in this area.

1.6. Summary

This chapter has provided useful understanding of the background and contextual frame of the study. It highlights the general economic and socio-political outlook of Nigeria as well as the status of the IS in the country. The economic profile of the country as the largest economy in SSA, its population, and status of the IS, among other factors, are stated in this chapter as the rationale for the choice of Nigeria as the study context. Fundamentally, the research problem, as embedded in the context has been delineated, helping to articulate the objective of the research study, which consist of clarifying the domain of IS and seeking to understand how institutional voids, social exclusion, and individuals' personality traits influence people to engage in informal economic activity. This chapter also presents the layout of the study which consists of six chapters as shown in the table of content.

Chapter Two: The Theoretical Foundations of the IS and its Practice in SSA

2.1. Chapter Overview

This chapter provides a theoretical examination of the IS together with a blend of conceptual and contextual analysis of its practice in SSA, with a particular focus on the Nigerian context. The chapter is divided into two main sections. The first part represents a brief attempt at examining the meaning of the IS concept and its theoretical debate. Second, the IS in SSA is reviewed to show the fundamental nature of the phenomenon in the sub-region. IS' unique features and, any country-level variations, as well as how these features differ from those of other regions such as North Africa, Asia, Latin America, and Europe are explored. Although, the study is designed as a Nigerian case study rather than a comparative study, nevertheless, the IS in SSA is compared to that in other regions of the world in order to demonstrate the significance of the IS in SSA and therefore the relevance of undertaking this study in a SSA country context.

2.2. Understanding the IS Concept and Theoretical Debate

In this section, the theoretical foundations of the IS would be examined. First, the most basic issue of definitional and conceptual clarification would be attempted. Following this, the IS debate would be briefly considered.

2.2.1. Clarification of Competing Terms Associated with the IS

As an area of academic discipline, the term “informal sector” was coined by Keith Hart following his study of Ghana's employment landscape in 1972 on behalf of the ILO. Spring (2009) affirms that the term “informal sector” has been in existence since the 1970s when Hart called it the ‘self-organised energies of people escaping government strictures’.

Alongside, the notion of informality has been defined as a “way of doing things characterised by ease of entry; reliance on indigenous resources; family ownership of enterprises; small-scale operations; labour intensive and adapted technology; skills acquired outside of the formal school system; and unregulated and competitive markets” (ILO, 1972, p.6).

Subsequently, the International Conference of Labour Statisticians (ICLS) in 1993, in an attempt to separate accounting of the GDP in the IS, defined informal business as “all unregistered or unincorporated enterprises below a certain size including microenterprises owned by informal employers who hire one or more employees on a continuing basis; and own-account operations owned by individuals who may employ contributing family workers and employees on an occasional basis” (ILO, 2002: P. 11).

The need to expand the concept of economic informality to incorporate both the enterprise and the employment relationship dimensions led to a broader definition of informal employment, and it was consequently labelled as the ‘informal economy’ (ILO, 2002; Tokman, 2007). This broadened definition also represents an attempt by scholars and policymakers to distinguish the informal economy from the formal economy and thus delineate economic activities in the IS as well as its association with the criminal economy, the productive or care economy. Such a distinction is vital within the focus of this study. The broadened definition of informal employment as presented in ILO (2002) is as follows:

Under the expanded concept, informal employment is understood to include all remunerative work – both self-employment and wage-employment- that is not recognised, regulated, or protected by existing legal or regulatory frameworks and non-remunerative work undertaken in an income producing enterprise (p. 12).

However, because of the heterogeneous and context-specific nature of informal economic activities (Grimm, Knorringa and Lay, 2012), there has been lack of a universally agreed-upon definition, leading to inconsistencies and confusion in defining the concept (Ubogu et

al., 2001; Peattie, 1987; Bromley, 1978). Notwithstanding the lack of consensus and the consequent difficulty in providing a precise definition of the IS concept, there have been some attempts at defining it, although, mostly in multiple and often confusing terms. The multiplicity of definitions and the resulting confusion call for a more systematic analysis and clarification of the IS domain field. Achieving this objective first requires an understanding of competing theoretical perspectives about the IS, which is provided in the following sections. Table 2.1 below is used to present some standard definitions of the IS phenomenon.

Table 2.1: Definitions of the IS

S/ N	Author(s)/Date	Definition	Label/Approach to definition	Context	Criteria/Emphas is	Remarks
1	Hart (1971,1973)	The world of economic activities outside the organised labour force‘self-organised energies of people escaping government strictures.’	Informal sector/Enterprise approach – although Hart tended to acknowledge the labour dimension in his discussion	Developing country context	Dualism of the economy, dynamism of the IS, IS is consequence of rural-urban migration	
2	ILO (1972).	Defined as a “way of doing things characterised by ease of entry; reliance on indigenous resources; family ownership of enterprises; small-scale operations; labour intensive and adapted technology; skills acquired outside of the formal school system, and unregulated and competitive markets.”	Informal sector/Enterprise approach	Developing country context	Dualism of the economy, IS lacks dynamism and growth potential	

3	De Soto (1989)	IS is described as a popular reaction... of oppressed extralegal small entrepreneurs (who are also the world's real capitalists) to overregulation	Informal sector/Enterprise approach	Developing country context	IS operators considered real capitalists, IS is consequence of over-regulation	Informal entrepreneurs are believed to have high growth potential
4	Castells and Portes (1989)	All income-earning activities that are not regulated by the state in social environments where similar activities are regulated.	Informal Economy/Both Labour and enterprise approach	Both developed and developing country contexts	Absence of regulation as the basis for defining IS	
5	Feige (1990)	All those actions of economic agents that fail to adhere to the established institutional rules or are denied their protection	Informal Sector/Enterprise approach	Developed country contexts	Non-compliance with formal rules/regulation, and lack of formal protection	
6	15 th ICLS (1993)	The 15 TH ICLS defined informal sector as comprising all jobs in informal sector enterprises or all persons who, during a given reference period, were employed in at least one informal sector enterprise, irrespective of their status in employment and whether it was their main or a secondary job.	Informal Sector/Enterprise approach	Intended for universal application	Legal status, end-user of goods/services, size (in terms of employment), nature of activities economic activities engaged in	Definition that permits inclusion of IS economic activities in national accounts

7	(Portes and Sensenbrenner, 1993; Portes, 1994; Portes and Haller, 2005	defined the informal economy as “the production of legal goods using processes that are not wholly legal.”	Informal economy/Both enterprise and labour approaches	Both developed and developing country contexts	Enterprise characteristics and employment relationships are emphasised	Issues of legality/illegality versus legitimacy/illegitimacy are considered here
8	17 th ICLS (2003)	The 17 th ICLS defined Informal employment (informal economy) as the total number of jobs, whether carried out in formal sector enterprises, informal sector enterprises, or households, during a given reference period.	Informal economy/Labour approach	Intended for universal application, but apply more to developed country contexts	Employment relationships – extent of informalisation of work	
9	Webb, Ireland and Ketchen (2009; 2014)	“the informal economy represents the manifestation of firm and entrepreneurial activity aimed at taking advantage of or filling the void left by the imperfections of the institutional environment.”	Informal economy/Both enterprise and labour approaches	Both developed and developing country contexts	Entrepreneurial alertness and ability to identify opportunities outside formal institutional boundaries	Issues of legality/illegality versus legitimacy/illegitimacy are considered here
10	The National Bureau of Statistics (NBS) (2010)	Defined an informal activity as that which operates without binding official regulations (but it may or may not regulate itself internally) as well as one that operates under official regulations that do not compel rendition of official returns on its operations or production process.	Informal economy/Enterprise approach	Nigerian context	Compliance with formal rules and regulations/legal status	A certain level of regulation is recognised here but the emphasis or distinguishing factor is rendition of official returns

11	Welter, Smallbone, and Pobol (2015)	Informal entrepreneurship refers to income earned [sic] from activities that take place partially or fully outside government regulation and laws, taxation, but inside a normative institutional frame which is based on implicit mutual understanding of society and communities of what is acceptable and tolerable	Informal economy/Both labour and enterprise approaches	Both developed and developing country contexts	Compliance with formal rules and regulations	Emphasises the idea of informal economic activities as entrepreneurship
12	Ram et al. (2017)	Informality is explained as the product of exclusion from all but the lowest yielding markets, which tends to marginalise the smallest firms, creating a need for cost-cutting, which is often achieved by means of informal practices.	Enterprise approach	Both developing and developed country contexts	Exclusion from opportunities in the mainstream economy	

Table 2.1. above is used to present some common definitions of the IS as provided in the literature. In all, twelve definitions are provided in the table, which reflect the different IS theoretical perspectives. For instance, whereas the ILO (1972) definition is a reflection of the modernist view, De Soto (1989) on his part defines the IS based on the legalist view point as it relates to the meaning of IS. Also, the definitions are contextualised as they either represent a developing country or developed country context. The elements drawn out in each definition as the points of emphasis and definitional criteria are used to delineate such definitions in relation to the IS debate.

The definitions set out in table 2.1. reveal apparent dichotomies reflecting the mixed perceptions and differences in the meanings attached to the IS both as a sector and as a phenomenon. These dichotomies relate to the specific questions of the role and nature of

IS employment. Others are IS' effect on economic growth; its unit of analysis; its relationship with the FS; its impact on poverty eradication; the significance of the sector; its antecedents, its dynamism and future prospects and; the behavioural tendencies of its participants.

At the broadest level, the definition of IS follows two approaches – the enterprise, and labour approaches. These two approaches are directly related to the 15th International Conference of Labour Statisticians (ICLS) conceptualisation and the 17th ICLS re-conceptualisation respectively, which differentiated between “employment in the informal sector” and “informal employment” (Husmann, 2004). The conceptualisation of IS in the first instance focused on the enterprise as the unit of analysis and is therefore referred to as the enterprise approach. Thus the emphasis in this case is on the characteristics of the production units. Enterprise here could be an individual or an organisation constituting a unit involved in producing goods and services for sale or barter.

With regard to the labour approach, the emphasis is on the characteristics of the person in economic activities within the IS. Rather than look at characteristics of the production unit, this definitional approach looks at the nature of employment relationships as the basis for distinguishing between FS and IS economic activities. This re-conceptualisation was in response to the increasing trend towards informalisation of work occasioned by globalisation-induced competition (Husmann, 2004). From the 17th ICLS definition of informal employment, Husmann (2004) identified the following five categories of IS operators:

- Own-account workers and employers employed in their own informal sector enterprises
- Contributing family workers, (irrespective of whether they work in formal or informal sector enterprises)

- Employees holding informal jobs (whether employed by formal sector enterprises, informal sector enterprises, or as paid domestic workers by households)
- Members of informal producers' cooperatives
- Own-account workers engaged in the production of goods exclusively for own final use by their household

A closer examination of each of the categories of IS operators would reveal their employment status to be either informal self-employment or informal wage-employment. The two employment statuses respectively distinguish between the enterprise and the labour dimensions of IS definition (Chen, 2012). One major and immediate benefit of understanding these definitional dichotomies is how it helps to understand the context-specific nature of the IS. For instance, the view of the IS in the developing and developed country contexts fit its definitions from the enterprise and labour approaches respectively. Since this study is in a developing country context, as well as the fact that the enterprise dimension rather than employment relations is the focus of the study, the study aligns naturally with the enterprise approach.

Owing to the heterogeneity and context-specific nature of IS, as well as its multi-disciplinary nature, the literature of IS is dotted with other terms such as, unregulated, shadow economy, underground economy, black market, second, unmeasured, unrecorded, irregular, hidden, , subterranean, cash economy, unofficial, petty production, unorganised, untaxed, parallel, grey, non-observed activities, survival sector, non-structured, transitional activities, unregistered (Krstic and Sanfey, 2007; Sindzingre, 2006; Spring, 2009; Webb, Ireland and Ketchen, 2014).

These terms are often used interchangeably in the literature. Kabra (1995) noted that some thirty terms had been used to describe the IS. The majority of the terms are used in different contexts to infer the same meaning. For reasons of word count limitation in this study, is not feasible to discuss all the different contexts in which each of these individual

terms have been used and any possible distinctions among them, but suffice it to say that a few of the terms may have a somewhat different connotation from the conventional meaning of informal employment as provided by the 17th ICLS. In reality, the meaning of these terms are largely cluttered in their usage by different researchers across disciplines and in different contexts thus, making it difficult to distinguish them.

As an example, the terms ‘grey’ and ‘second’ economy were used in the Soviet Union to describe activities that were unlicensed, illegal, and quasi-criminal such as bribes, theft of resources, ‘parallel circuits’ of state firms and cooperatives, but which were tolerated by society (Dallago, 1990, in Welter, Smallbone, and Pobol, 2015). The meaning of these terms deviate somewhat towards criminality, yet there are other activities that are outrightly criminal such as drug and human trafficking. Antonopolus and Mitra (2009) describe one such context of criminal entrepreneurship using the label ‘hidden economy’.

Ironically, however, all these activities are informal in nature just as those considered to be legitimate by informal institutions but illegal from formal institutions’ standpoint. Conventionally, researchers would have to indicate the existence of a boundary between the typical criminal informal activities and those that are considered legitimate by informal institutions, and indicate which dimension the research focuses on (see for example, Ram et al., 2017). All of the issues relating to mixed perceptions about the IS can be further examined within each of the perspectives on the IS debate that currently constitutes the foundation of IS theory as shown below.

2.2.2. The IS Debate

The debate about the IS is organised into different schools of thought regarding its nature and composition among other indicators, some of which have already been mentioned above (Chen, 2012). As such, this study seeks to draw from these competing perspectives to investigate the underlying factors that influence people’s decision to enter the IS. Whereas some writers, (e.g. Meagher 1995; Portes and Schauffler, 1993) present the IS

debate under two major schools, others fit the discussion into either three or four different perspectives (e.g. Henken, 2005; Godfrey, 2011). In this thesis, however, three perspectives are considered as the ideas tend to be more easily fitted into three compartments with only a few overlaps. Examining three rather than four perspectives is of no serious consequence since the voluntarist that is left out essentially represents the same ideas as the legalist viewpoint in the IS debate. The major areas in the discussion within each intellectual enclave are briefly discussed below.

The Modernisation or Marginalists Perspective

Theories in the 1950s and 1960s in developmental studies suggested that for the less developed nations to attain to the level of economic development that has been achieved by their counterparts in the more developed regions of the world, they needed to acquire modern values considered as preludes to the establishment of modern legal institutions and political systems.

Among the major contributors to this viewpoint were Lewis (1954) and Rostow (1960). Lewis (1954) with his “reserved army” or “surplus labour” theory influenced ideas about development. Lewis conceptualised two types of economies- the modern and traditional economies, with the modern describing the western industrialised economies of Europe and the traditional describing the agrarian economies found in the less developed countries (implying a dual economy). Lewis and his contemporaries saw modernisation of what they believed to be small subsistence activities in the less developed world as a requirement for economic progress among the less developed nations of the world. Lewis' thesis of surplus labour in the IS depicted the sector as consisting of mostly subsistence activities with a consequent readiness to release unskilled labour to the FS. Rostow on his part popularised the idea of stages of development in his 1960 book titled, *the Stages of Economic Growth: A Non-Communist Manifesto*. He posited that every nation must pass through five stages of development in order to attain the status of a mass consumption economy. The other

four stages before attaining mass consumption are the traditional society, pre-conditions for take-off, take-off, and drive to maturity. Complementing the ideas of Lewis and others, was the Rostovian model which became a significant influence on developmental policies and programmes. Intervention policies and programmes for developing countries became centred on Lewis's, Rostow's and other similar ideas. Henken (2005) describes the concepts of the modernisation school of thought succinctly in the following text;

.....In most cases, the "modern" was understood as being synonymous with western values, institutions and market economies.....The informal sector, therefore, was not an area of economic growth or dynamism.....It was seen as a problem to be solved, not as a development strategy to be harnessed and promoted (P. 363).

Explicitly, this viewpoint assumes that: (1) the IS is a transient phenomenon that will fizzle out once an economy becomes subsequently modernised or transformed as a feature of capitalist development, (2) the sector only generates subsistence-level activities and incomes and, (3) the sector is a feature of peripheral economies such as exists in third world countries (Meagher, 1995; Portes and Sassen Koob, 1987).

As noted earlier, policy prescriptions in line with the idea that less developed nations needed to adopt modern values and approaches have not impacted positively on most of these less developed countries. In fact, Portes (1997), making reference to Portes and Walton (1981); Alba (1978); Roberts (1978), has outlined how modernisation theories failed to predict, on the other hand, inevitable negative consequences of the process of diffusion as proposed in these arguments. Specifically, Portes (1997) citing Portes and Walton (1981); Alba (1978) and Roberts (1978) made his point in the following text:

Instead of sustained economic growth and greater social equality, the modernisation of third world societies produced several unexpected consequences such as the premature rise of consumption standards bearing little relation to local levels of productivity; the structural bifurcation between elites able to participate in modern consumption and masses aware of but excluded from it..... (P. 230).

For theorists such as Lewis, informal activities were typical manifestations of poverty and backwardness in third world countries and therefore needed to be replaced with western

values, institutions and market economies as the trademark for modernism. Francois (2004) re-echoes this argument that industrialisation would necessarily involve transforming economies that use traditional technology to ones that use modern technologies. It is obvious therefore how the IS is viewed by those who uphold these lines of argument. To the modernisation theorists, the IS just does not have any alignment with liberal ideas about economic development.

Apparently, the arguments presented in the text above, stand out among the many attempts at establishing a link between these western influences in less developed nations and the growth of the IS in these regions. For instance, one reason why IS might be thriving in less developed societies such as Nigeria is that the diffusion of modern ideas has brought about a structural division between the elites and the masses (Olutayo, 1999). Whereas the elites can participate in modern consumption, the masses, on the other hand, are excluded even though they live with the reality of such modern consumption around them and have the energy to participate.

It has also been noted that rural to urban migration results in a pool of jobless people unable to find employment in the urban cities, given the limited number of workers the FS can absorb. Thus, informal employment becomes a natural response to this situation of unemployment faced by rural-urban migrants who are motivated by survivalist tendencies (Todaro, 1969; Jamal and Weeks, 1988). However, contemporary IS theory now suggests that involvement in the IS may not necessarily be motivated by the need to survive (see for example De Soto, 1989; Charmes, 2000; Chen, 2007). That is, the current reality regarding informal employment is that it has taken certain other dimensions that go beyond just the motivation to survive. Beyond the motivation to survive, individuals in the IS are motivated to engage in growth-oriented entrepreneurship (Williams, Round and Rodgers, 2009). Individuals may also enter the IS for social, redistributive, political or identity reasons (Williams, Nadin, and Rodgers, 2012).

The paradox is that modernisation policies rather than eliminating informal economic activity, have instead promoted its growth. As an example, the structural adjustment programme (SAP) with its resultant effect of economic malaise in Nigeria is considered a major antecedent of IS growth (Ubogu et al., 2001). Another possible explanation is the fact that informal economic activity has its roots in traditional/informal institutions that were not taken into consideration in these modernist approaches to development (Uche, 1999). As it is in other life situations, it appears that because of disenchantment with the promise of western economic models that have failed to transform African societies, a systematic process of "a return to informal institutional arrangements" is occurring in African societies.

The assumptions of the modernisation school about the IS have largely been debunked by the growth of the sector, not only in SSA but also in other parts of the world. In SSA particularly, the IS has become a source of employment and income (Charmes, 2011; Sparks and Barnett, 2010; Chen, 2007), an engine of economic growth (Lavallee and Roubaud, 2009) and, the incubator for new business start-ups (ILO, 2002). Meagher (1995) refers to two interrelated developments that challenge the ideas of the modernisation theorists regarding the IS. First, the models adopted in third world countries in an attempt to expand their economies and make them efficient (modern), in line with the ideas of modernisation theorists, have failed to produce the desired results. Therefore, it seems logical to conclude that dismissing the viability and critical relevance of the IS as the modernist have done may be a function of western ideologies and ontological perceptions, which imposes an 'inferior' status to Africa as an erstwhile colonised territory.

Second, rather than disappear as suggested by modernisation theorists, informal economic activities have continued to thrive globally but particularly in developing economies even in the face of economic crisis. This reality not only underscores the importance of this

study, but also raises issues of legality and legitimacy of economic activities associated with the IS, although these issues need to be examined from the standpoint of the realities and experience of African societies since these are concepts largely based on western experiences. An understanding of the legal implications of operating in the IS requires an examination of the legalist perspective. This will be the focus of the next section.

The Legalists Perspective

The legalists perspective represents neo Marxists' views about the IS and were majorly a fall-out from the book titled, *The Other Path: The Invisible Revolution in the Third World*, in 1989 by De Soto. De Soto characterised the IS as a popular reaction to over-regulation of the economy by an essentially patrimonial, mercantilist (not truly capitalist) and corrupt state apparatus. The ideas of De Soto (1989) have given rise to the perspective that the IS comprises of oppressed extra-legal small entrepreneurs with a sizable amount of assets contrary to the modernists' description of the sector. That is, they are viewed as individuals who voluntarily enter into the IS. De Soto considers informal operators and the sector as the third world's "real capitalists", having the potential to create wealth, reduce costs and democratise politics (Henken, 2005).

Democratising politics in this context would mean the role of informal entrepreneurs as institutional entrepreneurs whose economic activities are akin to a populist movement geared towards changing institutional arrangements that isolate the major part of the population from economic opportunities. This argument tends to highlight two possible explanations for the growth and persistence of informal economic activities in developing countries. First, the institutional voids prompt what seems like a populist action towards inclusive participation in economic opportunities which are found only outside the boundaries of formal institutions (Webb et al., 2009).

Second, within the context of such institutional voids and the resultant social exclusion, is the inevitable feeling of alienation in these societies among individuals who find no other options outside the IS. If both arguments hold, then it is logical to conclude that while some may have entrepreneurial growth motivation in the IS, others may have taken on informal economic activities as a survivalist strategy. The legalists, however, denies the authenticity of the survivalist argument. As an evidence of the populist dimension to informal economic activity, informal operators approach business operation with a certain level of militancy. This phenomenon is evidenced in Nigeria just as it was in Lima in Peru as described by De Soto (1989).

In Nigeria, informal traders have consistently defied virtually every mechanism of government aimed at dislodging them from strategic locations in all the major cities of the country (Adedeji, Fadamiro and Adeoye, 2014). In this context, both the modernist argument of ‘survivalist strategy’ and the legalist view of IS as a ‘revolutionary front’ may hold true as explanations for individuals deciding to engage in informal economic activities. Both factors are inter-related in how they influence individuals to engage in informal economic activities. Most Nigerians see informal economic activity as the only option available for their subsistence and therefore maintain a position of defiance towards government regulation (Ajayi and Ademokun, 2010).

Viewing the growth and persistence of the IS from the legalist perspective brings into focus the question of legality versus legitimacy on the one hand, and the argument about IS participation as voluntary (opportunity-driven) or involuntary (necessity-driven) on the other hand. These are important elements in the IS debate. Webb et al. (2009) define informal economic activities as those that are outside formal institutional boundaries (which make them illegal) yet fall within informal institutional boundaries (making them legitimate). The issue of legality and legitimacy highlights definitional challenges associated with the IS, and therefore calls for clarification in the literature (Anosike and

Ahmed, 2015). The same is true about the use of the terms ‘illegality’ and ‘illegitimacy’ in this context which requires clarifications, considering that interpretations of illegality and illegitimacy might be based on western ideologies, which negate important African socio-cultural bases of collective identity.

Hart (1973) argues that a distinction exists between the terms “illegality” and “illegitimacy. Tokman, (2007) on his part adds that the regulatory perspective of the definition of the IS identifies informality with illegality and labour precariousness. Hart (1973, p.74) helps to explicitly bring out the distinction between the two terms and the basis upon which illegitimacy in this context should not be viewed in a negative sense in the same way that illegality would be viewed. According to Hart, “the system of bourgeois values enshrined in a nation’s code of laws may not coincide with concepts of legitimacy prevalent in certain subcultures of that society”. Further, on this point, the definition of legitimacy as provided by Suchman (1995, p.574) aligns well with Hart’s conceptualisation of illegitimacy as well as the argument raised by him. According to this definition, legitimacy is seen as, “a generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions”. This analysis brings out explicitly the sense in which certain informal economic activities may be acceptable in the society, particularly in SSA. Also, it points to a strong need to approach the definition of informality in an economic sense, with appropriate reflection of its context.

The question of why informal economic activity continues to persist is directly tied to the notions of their legality-legitimacy as a viable model of economic enterprise. Webb et al. (2012) argued that if formal institutions as defined by Scott (1995) represent the consensus of a few individuals in positions of power in the society, then there is the possibility that a less powerful group in the society would possess a different definition of what is socially acceptable. This argument concurs with Hart’s argument and can be related to the Nigerian

illustration of street traders' defiance. In spite of a seeming hostile state intervention, these traders enjoy a high degree of patronage, in part, as a consequence of weak institutional arrangements or absence of proper institutions as the case may be. In order to fully understand the issues raised above, an institution-based explanation is relevant.

Institutional voids may be created when laws and regulations are perceived as being outdated; when minority groups have perceptions of being marginalised by dominant institutions; or where there is an absence of ideal formal institutional arrangements and enforcement (Chaux and Haugh, 2012). Chaux and Haugh observed that in such instances parallel competing institutions would challenge formal institutions. For example, when formal institutions contradict widely held traditional beliefs or when formal institutional arrangements are not able to satisfy the needs of individuals and groups in certain areas, informal institutional arrangements are often relied upon to achieve ends. This sort of dysfunction describes the Nigerian context where the institutional framework is believed to have created loopholes for informal institutional arrangements to fill the void (Uzo and Mair, 2014; Meagher, 2007). Webb et al., (2009) argue that such contexts of group-level institutions represent ideal scenarios for informal economic configurations and that such informal institutions defined by collective entrepreneurial affiliations are often the basis for the definition of legitimacy for informal economic activity.

The legalist viewpoint also argues that individuals voluntarily participate in the IS. The legalists believe that individuals decide to take on informal economic activity through a deliberate and rational process of cost/benefit analysis of operating in the FS versus IS. For instance, Anosike and Ahmed (2015) observed that barriers and costs of operating legally in the FS warrant some Nigerian entrepreneurs to operate legally as well as illegally. In some cases, the individual would choose to exit the FS in favour of informality. Maloney's (2004) analysis indicates that some individuals may even consider the psychological

satisfaction derivable from being own-boss above financial considerations in deciding to participate in the IS.

Maloney argued that individuals are likely to choose informality if the benefits are at least equal to the alternative that would be forgone in the FS. According to him, other substitutes in the IS would normally be measured against such benefits as social protection and earnings in the FS. He emphasised the heterogeneous nature of the IS as it reflects on categories of voluntary entrants into the sector. Thus, for certain categories voluntary exit from the FS does not mean that they would be out of poverty but rather that they would obviously not be better off in the FS given the human capital limitations that they face as well as other factors. Some scholars (e.g. Godfrey, 2011) however interpret the legalists view about the choice of informality as not necessarily voluntarism but rather an imposition of choice. That is, individuals had no choice but to enter into the IS given the structural constraints (e.g. lack of policy, employment safeguards) they faced.

The Structuralists or Dualist Perspective

Advocates of the structuralist perspective do not consider the IS as an economic model distinct from the FS. Also, they believe that informal entrepreneurs have a potential to grow and expand. In addition, they concur with the idea of a dual economy in which the IS and the FS coexist. For the structuralists, informality is a creation of the capitalists to exploit cheap informal labour to reduce transaction cost, therefore it constitutes part of the structure of the wider economy. (Fortuna and Prates, 1989; Portes and Schauffler, 1993). The structuralists insist that informality is not simply the result of excess labour supply neither is it the consequence of over-regulation. Informality is, in essence, an alternate form of labour utilisation (and often exploitation) by capitalist interests (Henken, 2005). Henken explains this to mean that informal labour relations (like informal workers) are not just there by some accident or flaw in capitalist development. Instead, these relations (and workers) are actively informalised by capital under the logic of peripheral capitalist

accumulation. Henken further notes that structuralists have argued that the “novelty” of the IS is largely illusory as what is new in the production process is not informality, but formal labour relations themselves. That what is a “new” phenomenon is the active recreation and intensive utilisation of informal labour relations by formal capitalist firms.

Portes and Schauffler (1993, p.48) have labelled their approach “structuralist” because they emphasise the complex and heterogeneous “structure of formal-informal relationships”. Henken (2005) therefore believes that the most important contribution of the structuralist approach to the understanding of the IS phenomenon is the contention that deep and necessary linkages exist between the IS and the larger capitalist economy. Portes and Schauffler (1993) also identified three key ways in which the existence of the IS is closely linked to the FS of the economy. These include the provision of low-cost goods to formal workers it helps FS firms justify paying lower wages and provides formal firms with an easily disposable source of unprotected workers.

The main contribution of the structuralist view to understanding why individuals engage in informal economic activity lies in their contention that informality results from a process of de-institutionalisation of productive activities which de-emphasises state regulation (Fortuna and Prates, 1989). The structuralists argue that informality is a predetermined and strategically induced outcome of capitalists' machinations to create a source of cheap labour as a response to the force of global competition. This idea has led to casualisation of jobs and other approaches that warrant increasing numbers to be in informal economic engagements that make them subordinated to capitalist interests (Godfrey, 2011; Henken, 2005; Portes and Sassen, 1987). By the structuralists argument, therefore, it would be logical to suggest that institutional voids are machinations of capitalist interests aimed at ensuring availability of cheap informal labour that they can exploit. In the Nigerian context, this sort of relationship between FS firms and informal operators is increasingly

becoming popular. An example is the use of informal operators by telecommunication and household goods companies to distribute their products – in most cases as street peddlers.

Although each of the three schools has contributed to the literature on informality, there is more to the informal economic activity concept than has been evidenced within the competing different schools of thought (Chen, 2007). Newer ideas relating to IS continue to emerge as research on IS phenomena in different regions of the world proliferates and span across disciplines.

More Recent Ideas about the IS

Ideas emerging about the IS after the structuralist viewpoint have accordingly been labelled the post-structuralist viewpoint. Williams, Nadin, and Rodgers (2012, p. 352) citing Biles (2009); Snyder (2004); Whitson (2007) stated that “post-structuralists ascribe agency but focus on how informality is a livelihood practice chosen for social, redistributive, political or identity reasons”. Williams, Nadin, and Rodgers (2012) add that advocates of this viewpoint consider informal economic activity as not necessarily motivated towards financial gains but rather for closer social relations; social and redistributive reasons; a resistance practice that is a response to the exploitation of workers in the context of a neo-liberal and globalised economy; and an alternative platform for establishing self-identity.

The role of agency is also a recent perspective that is becoming prevalent in IS research. Citing Aliyev (2015); Cummings et al. (2009); Hodosi (2015); Khan and Quaddus (2015); and McKerchar et al. (2013), Windebank and Horodnic (2016) argued that current research on the IS is increasingly focusing on agency because earlier IS theories had focused upon country-level conditions and could not explain individual and contextual dynamics relating to people’s decision to enter the IS.

Newer ideas about IS' composition, motivations for participation in the sector, its entrepreneurial potentials, among other things have further expanded the IS literature. Regarding the debate about IS composition, although the ICLS in 2003 initially listed five categories of informal operators, some researchers have subsequently altered this IS composition (see Chen, 2012). For instance, the Women in Informal Employment: Globalising and Organising (WIEGO) model of informal employment shows six categories of IS operators. In this model, WIEGO made a case for additional categories of informal workers. These are casual day labourers and industrial outworkers or subcontracted workers.

In the literature of IS, entrepreneurship motivation has traditionally been examined broadly using the two terms introduced by Global Entrepreneurship Monitor (GEM) – 'necessity-driven' and 'opportunity driven' motivations (Stephan, Hart and Drews, 2015; Fairlie and Fossen, 2017). However, in recent times, there has been a shift from considering the IS as simply consisting of two distinct or mutually exclusive categories of operators. That is, entrepreneurs in the IS may be driven by dual or even multiple motives simultaneously instead of just being considered as either necessity (lower-tier) entrepreneurs or opportunity (upper-tier) entrepreneurs (Williams and Nadin, 2012). This and other related ideas have led to a new understanding of the IS concept as a continuum between the opposite extremes of formality and informality. This continuum consists of different degrees of informality, with some individuals engaged in both formality and informality simultaneously (Welter and Smallbone, 2009; Chen, 2012; Williams and Shahid, 2016; De Castro et al., 2014; Welter, Smallbone, and Pobol, 2015).

Causes of informality often reflect on the types of entrepreneurs. For example, exclusion and exit factors have been distinguished as two broad causes of necessity and opportunity entrepreneurship respectively in the IS (Perry et al. 2007; Chen, 2012; Williams, Nadin, and Rodgers, 2012). Perry et al. (2007) observed that both exit and exclusion factors cause

participation in the IS. Perry and his colleagues examined causal effect of exit and exclusion on IS participation by considering three types of relationships between individuals and the state as well as the institutions of society that mirror these exit and exclusion dimensions.

The authors describe these relationships as opportunistic evasion, defensive evasion, and passive evasion and state irrelevance. These relationships represent tensions and agitations that implicate economic informality. As Perry et al. (2007, p. 23) noted, “....the state does its job badly—ranging from poor regulation to oppressive or exclusionary measures, forcing agents, who perhaps are inclined toward compliance under the ideal state, to cope by defensive evasion”.

The agency argument earlier presented also partly touches on yet a different idea regarding the search for meaning about the IS phenomenon – the need for a contextualised approach to IS research. Welter, Smallbone, and Pobol (2015) observed that recent thinking about the IS by most researchers is that it is multifaceted and complex. For Welter and his colleagues particularly, this assertion is predicated upon the belief that IS phenomena can only be fully understood contextually because of differences in social, spatial, institutional, and temporal contexts of its practice. Although the major aim of the ICLS in its initial attempts at defining the IS was that of producing a definition that would have a universal application, this has not been possible because, as the ICLS itself later acknowledged, the relevance and meaning of informal employment is country-context defined, thus the need to consider national circumstances and priorities on any issue relating to the IS (Husmann, 2004).

Similarly, Webb et al. (2014) argued that "the respective formal and informal institutional environments create unique conditions of informality within developed versus developing economies" (p. 9). We argue in this study that the applicability of any of the IS theoretical perspectives would depend on the context, and that whenever the IS phenomenon is

examined generically, all the different perspectives of explanation would tend to resonate within the context of such analysis. Moreso, in any given context of IS analysis, more than one perspective may be applicable as bases of explanation. This points to the value in examining the IS in SSA, and in particular, Nigeria as the study context.

2.3. Understanding the Fundamental Nature of the IS in SSA

Entrepreneurship theory indicates that the entrepreneurial context affects the mode of entrepreneurial practice and consequently, entrepreneurial success (Webb et al., 2012). Thus, forms of entrepreneurial practice differ. This follows that the mode of entrepreneurial practice may differ from context to context, especially between developed nations and the less developed nations. Therefore, understanding the context of IS practice specifically in the SSA context is important. The beginning point is seeking to understand SSA's IS should be the triggers of this mode of economic activity.

The SSA context, as well as other less developed regions of the world, appear to have particular characteristics that have tended to promote the IS mode of entrepreneurial practice (Spring, 2009). It has been observed that informal economic activities in the SSA context are entirely different in comparison to other regions of the world. Referring to the SSA context, Lavalley and Roubaud (2009) argued that "operating in the IS is rather the rule than the exception and no recent systemic change may explain this fact. Thus, concepts used to analyse the IS elsewhere are not necessarily applicable to SSA, or at least, their focus may be less relevant in this context" (p. 413). Therefore, there is a need for a contextual understanding of what constitutes informal economic activities as well as the triggers of informal employment in SSA context.

2.3.1. Triggers of Informal Economic Activity In SSA

Sparks and Barnett (2010) have highlighted some factors that have contributed to employment growth specifically in the IS in SSA. These factors are urban bias and labour laws; rural-urban migration; structural adjustment policies; difficulty in establishing new firms; peace and demobilisation of the military. Some of these factors are also mentioned by other scholars. For instance, Ikoja-Odongo and Ochollla (2004) in their study of the IS identified demobilisation of soldiers as a major reason for the growth of the sector in Uganda. Other factors include retrenchment in the public sector; layoffs in public enterprises; the increasing numbers of school drop-outs without formal employment; the on-going rural-urban migration, the increasing entry of women and children into the IS; “frozen” vacant positions in the public sector.

Gunther and Launov (2012) found in their study of Cote d’Ivoire, that the IS includes both individuals for whom informality is a strategy of last resort to escape unemployment and individuals who have a comparative advantage in the IS. Roy and Wheeler (2002) on the other hand found that motivation among micro (informal) entrepreneurs in West African countries was primarily in response to poverty and by implication, meeting of immediate needs.

Informal social networks and relationships have also been associated with the growth of the IS in SSA. Meagher (1995) and Brautigam (1997) emphasised that social networks and relationships are an important feature of informal businesses in Africa. This derives from the African system of kinship which makes it possible for parents, uncles, siblings, friends, etc. to set up small informal businesses for their kin, friends etc. and assist in subsequent matters relating to such businesses. Charmes (2011) refers to this kinship tendencies as “pillar of resilience” and, adds that it is a feature of traditional societies. This tendency for relatives and friends to set up their loved ones in small informal businesses in SSA has a strong impact on the reduction of unemployment and growth of the IS in the sub-region.

2.3.2. IS in SSA Distinguished from that in Other Regions

One principal means of understanding the IS in SSA involves examining the phenomenon vis-à-vis other regions of the world. In year 2000 estimates, the closest region to achieve SSA's level of employment in the IS is Asia with 65%. This is followed by Latin America (51%) and North Africa (48%). Also, it is estimated that 84% of women and 63% of men in non-agricultural employment are in SSA's IS (ILO, 2002). These estimates of IS employment in SSA are significantly higher than those in other regions. The table below provides IS statistics for SSA and other regions of the world.

Table 2.2: Comparison of IS phenomena between SSA and other regions of the world

		SSA		N. Africa		OECD		Asia		Latin Am.	
Total share of informal employment as a percentage of non-agricultural employment		72		48				65		51	
Informal employment as a percentage of all new jobs		93								83	
Contribution of the IS to GDP		41		27		16.8		31		29	
IS employment in non-agricultural employment by sex		W	M	W	M	W	M	W	M	W	M
		84	63	43	49			65	65	58	48
Wage and self-employment in non-agricultural informal employment by sex	Self-employment	W	M	W	M	W	M	W	M	W	M
		71	70	72	60						
	Wage employment	W	M	W	M	W	M	W	M	W	M
		29	30	28	40						

Source: ILO, 2002, Fields and Schneider, 2010

The statistics presented in table 2.2 above which show a higher SSA employment in the IS relative to other regions is based on the year 2000 estimates.

Other major areas of contrast exist between SSA's IS and those in most developed countries, especially countries in Western Europe. For instance in SSA, informal economic activities are often attributed to the weak institutional structure which hardly provides the infrastructure or mechanisms for effectively and efficiently registering businesses and enforcing tax and other regulations (Williams and Schneider, 2016). This cannot be said to be the case in the developed countries such as the United Kingdom where the institutions are well developed.

Another fundamental point of contrast between IS in SSA and the developed countries relates to the nature of informal economic activities undertaken, as well as the understanding of the meaning of the phenomenon in these two different contexts. This reflects the higher emphasis given to employment relationship and employee welfare issues as the focus of IS analysis in developed countries. In SSA, the enterprise dimension of IS analysis is given more emphasis (see Williams, et al., 2012). The enterprise dimension of IS analysis is a focus on the units of production rather than the employment relationships (Manila, 2015; Hussmann, 2004). The enterprise dimension relates to how businesses are operated using informal approaches. The interest in this case is to examine the different categories of informal business entities – their composition, income potential, mode of operation and other characteristics.

From the perspective of motives, the literature indicates that the political economy (structuralist) viewpoint is more relevant for explaining participation in the IS by individuals and groups who are relatively more deprived. Conversely, the neo-liberal view is considered as being more relevant for explaining informal entrepreneurial motivation amongst more affluent populations. Thus, from the neo-liberal standpoint voluntary exits from the FS into the IS would be more in the developed economies while necessity-driven

entrepreneurs in the IS would be more in developing economies. (See Williams, 2015; Grant, 2013; Gurtoo and Williams, 2009; Oviedo, 2009).

These points are important for understanding the contexts and basis upon which legitimacy status may be ascribed to informal economic activities, thus shedding light on the underlying factors for engaging in these activities. This can be seen for instance, in the neo-liberal argument which views the incidence of informal economic activity as a "resistance practice" to high taxes, a corrupt state system, and over-regulation (Williams, 2015, De Soto, 1989). Therefore, in these contexts, viewing non-compliance to formal regulations strictly as criminal may be faulty, as illegality is often viewed side by side with the question of legitimacy (see Webb et al., 2014; Centeno and Portes, 2006; Hart, 1973).

2.3.3. The IS in Nigeria

In Nigeria, the IS has been described from the angle of the legal status of enterprises by most writers. The National Bureau of Statistics (NBS) (2010) defined an informal enterprise as that which operates without binding official regulations (but it may or may not regulate itself internally) as well as one that operates under official regulations that do not compel rendition of official returns on its operations or production process.

Moreover, the aspect of the definition that distinguishes certain informal activities as those that, although operating under official regulations, are not compelled to render returns, is very important. This aspect of the definition removes the confusion that definitions portraying informality broadly as those that are unregulated fail to capture. This may not only be peculiar in the Nigerian context where a business' official status is viewed only in relation to registration with the Corporate Affairs Commission (CAC). Most of the businesses are officially registered and pay tax in one form or the other, yet because they are not incorporated at the CAC, they have limited regulation such as the rendition of returns. This definition implies that in Nigeria, only firms that are incorporated fall within the ambit of the FS.

The CAC is the federal government agency charged with the mandate to register or incorporate firms to give them a legal or official status. A business can be registered as an enterprise or incorporated as a limited liability company with the latter having a legal status that makes it come under considerable regulatory obligation and oversight. Enterprises have minimal regulation and operate informally in most cases. To fully capture and reflect the heterogeneous nature of the IS in the questions investigated in this study, all the three previous definitions above by Portes and his colleagues, Webb and his colleagues, and that of the NBS (2010) will be considered in this study.

Although the first two definitions use the label “informal economy” rather than “informal sector”, the definitions are applicable in this context because of certain elements within them that are of critical importance to understanding the debate about informal economic activity. Also, because the IS label is more appropriate to the Nigerian context, it is adopted in this study. The definition of Portes and his colleagues brings into focus, the legality/legitimacy question which is very relevant to any analysis of informal economic activity. Moreover, both definitions incorporate the enterprise dimension which is the focus of this study. This further reinforces the earlier observation about the plurality of terms in the literature of informality and the confusion that it engenders.

For this study, however, the term "informal sector" shall be used to refer to a characterisation of informal economic activity since the study focuses on the enterprise dimension of informality and excludes the employment relationship dimension. Also, the study does not include consideration of the illegal dimensions associated with economic activity in the informal economy. Therefore, a broad working definition of the IS is proposed at this point as consisting of *activities undertaken either in self-employment or wage-employment, which are often attributed to institutional voids, lack of opportunities, and/or other reasons, warranting such activities to occur outside formal institutional boundaries and leading to exclusion from formal sector benefits; but occurring within*

normative institutional frames that define such activities as acceptable and tolerable by society. This definition incorporates the ideas from the definitions presented in table 2.1 above, and is subject to critical scrutiny in this thesis.

2.4. Summary

The first part of this chapter provides the essential foundational conceptualisation of the IS by briefly examining the definitional issues and theoretical debate about the sector. Three main perspectives in the IS theoretical debate were presented, in addition to some relatively new ideas about the IS. The three perspectives are the modernists, legalists, and structuralist perspectives. Having set out the fundamental basis for understanding the nature of IS, contextualising its practice in the wider sphere of SSA and specifically Nigeria, became the next focus.

A focus on SSA'S context also provided a summary analysis of IS triggers in the sub-region. Moreover, the IS in SSA was compared to that in other regions of the world, not because the study is a comparative study, but rather for the purpose of highlighting the significance of IS in SSA, as well as the relevance of undertaking the study in a SSA country context. Narrowing the theoretical and contextual review of IS ultimately to the Nigerian context as the focal country, was considered beneficial for providing a holistic understanding of the questions relating to IS phenomenon in these contexts.

The understanding of the study context and the IS theoretical foundations then need to be combined with an understanding of appropriate theoretical frames that would facilitate the development of the conceptual framework to guide the research undertaking. The theoretical framework of this study is therefore presented in the next chapter.

Chapter Three: Towards a Theoretical Framework

3.1. Chapter Overview

The previous two chapters provided an understanding of the theoretical and contextual analysis as well as the IS debate, but these need to be combined with appropriate theoretical frames that would help in an attempt to give direction to the research effort and provide answers to the research questions. This study draws from the institutional theory, social exclusion theory and psychological trait theory as possible theoretical bases to explain the underlying factors that influence people's motivation and provide the incentives to enter into the IS.

The choice of these three over-arching theoretical frames is informed by the preponderance of their occurrence in most analysis of IS phenomena. All through the contextual analysis and the review of IS literature in this study, issues related to institutional arrangements, social exclusion, and personality factors had featured prominently. Moreover, the interrelationships amongst these factors seem apparent. Social exclusion occurs within institutional contexts, and the decisions taken as responses to the impacts of institutions and social exclusion are often a function of an individual's personality characteristics (see Freitag and Ackerman, 2016; Schroeder, Nettle and McElreath, 2015; Wang, Freeman and Zhu, 2013).

The heterogeneous, context-specific, multidisciplinary, and complex nature of the IS (Shapland, 2003; Chen, 2007; Rezaei and Goli, 2009) implies that attempting to explain the concept using isolated theories would most likely limit understanding of the concept. Therefore, the choice of the three overlapping theoretical frames in this study is aimed at providing more comprehensive understanding of how separate, yet related factors are interrelated in terms of their influence on the decisions of individuals' to engage in informal entrepreneurship. This approach has been found to be appropriate for the purpose

of investigating informal entrepreneurial behaviour as each of them provides a complimentary lens for investigating entrepreneurship phenomena (Webb et al., 2012). Therefore, the utility of the three theories as the underlying theoretical bases for explaining informal entrepreneurial engagement in the Nigerian context is examined under the three broad headings with sub-headings as. The schema presented as figure 3.1 below is used to depict the organisation and focus of this chapter.

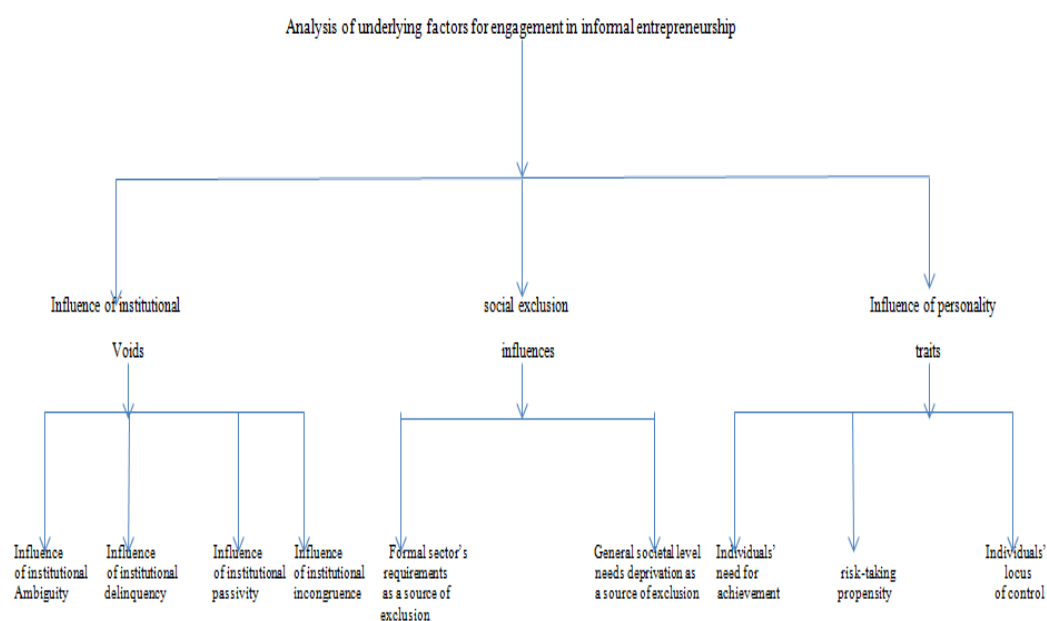


Figure 3. 1: Schematic Representation of The Theoretical Frame of This Study

3.2. The Institutional Theory

The institutional theory has gained attention in academic research. This is evidenced by the number of studies that have either been focused on examining the concept or have used the theory as the underlying theoretical basis for their studies. Scott (2004) for instance, notes that a wide range of scholars across the social sciences are enthusiastic about contemporary institutional theory and employed it to examine systems ranging from micro interpersonal interactions to global macro frameworks. Each domain, however, emphasises particular strands of the institutional theory that are deemed to be more relevant in

examining research phenomena in such domains. Specifying one or more particular strand(s) of the institutional theory is necessary since institutional approaches differ in their conceptualisation, level of analysis, and ultimately, their explanatory power, relative to particular research situations (Hotho and Pedersen, 2012).

The increasing popularity of the institutional theory in academic research in various disciplines (Menerd and Shirley, 2014) shows the importance of institutions to our everyday decisions and actions. The institutional theory has been used to explain phenomena in sociology, political science, economics, management sciences etc. Summarising the thrust of institutional theory, Ahmadi (2003: P.11) says, "Institutional theory implies that one focuses on rules, norms, traditions and cognitive-cultural factors (=institutions) as the important components of organising, which stimulate and maintain operations, imply continuity or create inertia". The components above have been broadly conceptualised as formal and informal institutions. This two-dimensional view of institutions was developed by Douglas C. North (see North, 1990, 1995). North's conceptualisation of the significance of institutions and the meaning derivable from it, has important implications in the present study. North clearly conveys the multi-dimensional meaning of institutions as well as its relevance in any economy. The following four points are extracted from North's (1991) conceptualisation of institutions as they relate to entrepreneurship:

1. Institutions present constraints which function to provide a structure for political, economic, and social interactions within a society.
2. Institutions serve to create order and reduce uncertainty in exchange.
3. Institutions, together with the standard constraints of economics define and determine individual and group choice sets as well as transaction and production costs.

4. The incentive structure in any economy is a function of institutional dynamics, as they signal the direction of economic change, which can either be growth, stagnation or decline.

Scott's conceptualisation of institutions, on the other hand, highlights three dimensions which he described as the three pillars of institutions. According to Scott (1995: p.56), "institutions comprise of regulative, normative and cultural-cognitive elements that, together with associated activities and resources, provide stability and meaning to social life". The regulative dimension consists of rules systems like laws and regulations as well as enforcement mechanisms that are sanctioned by the state. The normative dimension refers to institutions like professional societies that delineate roles and expectations for specific groups. The cultural-cognitive dimension includes accepted beliefs and values shared among individuals through social interactions that guide behaviours (Scott, 1995, in Puffer, McCarthy and Boisot, 2009). In line with Scott's conceptualisation, Tonyan et al. (2010) emphasise that institutions thus have an impact on the cognitive and ethical considerations that shape human judgment and behaviour. These authors, citing Ahlstrom and Bruton (2002); Bruton et al (2005); Peng and Heath (1996); Aldrich and Fiol (1994), add that institutions influence the individual's decision making by signalling which choice is acceptable and determining which norms and behaviours are socialized into a given society and that, they affect organisational behaviour by constraining and defining which actions are acceptable and supportable both within and between organizations.

A country's institutional context is critically important in terms of its role in either promoting or inhibiting entrepreneurship. This is because, the institutional context influences and determines the nature of business decisions. Davis and North (1971) argue that the institutional framework which is beneficial for entrepreneurship should be made up of the set of fundamental political, social and legal ground rules that establishes the basis for production, exchange and distribution. This then provides the basis for

interactions among actors and defines opportunities, thereby encouraging socially acceptable behaviours and outcomes in line with constraints and incentives embedded within such institutional frameworks (Webb et al., 2012). This is why many studies have focused on examining the relationship between institutional contexts and entrepreneurship. Such studies include Acemoglu, Johnson and Robinson (2005), Roxas et al. (2006), De Soto (1989), Ahlstrom and Bruton (2006), Bruton, Alstrom and Li (2010). The proliferation of approaches under the institutional theoretical framework is a natural response to the need to study the many facets of social life that require specific approaches.

3.2.1. Institutional Voids and Growth of Informal Enterprises

Various studies, e.g. Schrammel (2013), Kalvet et al. (2013), have utilised the institutional void strand of the institutional theoretical framework to examine the impact of institutional voids in different country contexts, especially in developing countries. The institutional void framework is utilised in this study to examine how voids in Nigeria's formal institutional framework create loopholes that encourage the growth of informal economic activities in the country. The rationale for adopting this approach is that it is most appropriate for examining institutional impacts in developing country contexts like Nigeria (Mair and Marti, 2009; Khanna, Palepu and Sinha, 2005). Moreover, this study, apart from being in a developing country context, is a focus on economic informality (whose growth and persistence in developing countries has often been attributed to weak institutional frameworks (Uzo and Mair, 2014; Brautigam, 1997). For better clarity, the characterisation of institutional void in the context of this study refers to environments in which institutions exist in plurality. Also, institutions, in this case, are considerably complex and ineffective as mechanisms for guiding the behaviour of actors, as opposed to complete absence or complete non-existence of institutions (Mairs, Marti, and Ventresca, 2012).

In SSA (and to a large extent Nigeria), the IS has continued to expand because of weak institutional arrangements (see Lawrence, Hardy and Philips, 2002). Brautigam (1997) in her analysis of the success story of Nnewi industrialists in eastern Nigeria provides an explanation for the entrepreneurial success of most IS operators in varied sectors. She contends that voids left by both the market and the state were successfully filled by Nnewi industrialists as they used both international linkages and alternative culturally-based networks to reduce information uncertainties and principal-agent problems, as well as lower transaction costs. This group of informal entrepreneurs who are mainly in the industrial goods sector operate as large informal firms within clusters (Anosike and Ahmed, 2015). Anosike and Ahmed further noted that skills among these informal operators are acquired through an informal process of apprenticeship. Corroborating Brautigam's claim, Anosike and Ahmed observed that social networks of family and allies are effectively used to enforce contracts and insure risk.

Four dimensions of institutional voids identified in the literature appear to feature prominently in the Nigerian context. These are institutional ambiguity, institutional misuse, institutional passivity, and institutional incongruence. An observation about institutional misuse relates to the fact that, apart from the ideas of Polichuck (2008) who expressly used the label 'institutional misuse', a number of other scholars use other labels to infer the same meaning for institutional misuse. Ideas from other scholars that have used labels other than institutional misuse but which infer the same meaning, have been integrated into the body of the discussion relating to institutional misuse in this study. For instance, the ideas of Puffer, McCarthy and Jaeger (2016) and Ionescu, Lazaroiu and Iosif (2012) who both used the term "corruption" as the label for essentially the same issues, were integrated with those of Polichuk for this purpose. Each of the four labels used to represent contexts of institutional voids is individually described as provided in the next sections, beginning with institutional ambiguity.

Institutional Ambiguity

Institutional voids could also result where a multiplicity of informal institutions co-exist because formal institutions are largely absent and their enforcement is incomplete or insufficient where they exist (Uzo and Mair, 2014; De la Chaux and Haugh, 2014; Luo and Chung, 2013; Chakrabarty, 2009). In this case, the ambiguity results from the conflicts that arise because of the contest for legitimacy among the contending institutions. Jackson (2005) on the other hand conceptualised ambiguity as taking on two or more meanings thus, engendering the problem of contradicting interpretation of meanings.

It is needful to understand that institutional ambiguity is a multi-dimensional construct, thus in this study, two aspects of ambiguity would be considered. That is, we shall examine institutional ambiguity from the perspective of conflict of meaning and conflict of jurisdiction in institutional arrangements. Given the nature, and the time and word count constraints of this study, it is not feasible, and even necessary to examine other dimensions of ambiguity. Therefore, the two dimensions chosen here will suffice since they are more relevant in this study context.

(1) Institutional Ambiguity Resulting from Conflict in Meaning.

Institutional ambiguity can be conceptualised by looking at the possible conflicts that can arise in the interpretation of meaning. That is, the possibility of an institution's provisions taking two or more meanings (Jackson, 2005). Conflicting meanings in institutional guidelines constitute a major source of frustration for entrepreneurs, particularly because corrupt government officials often capitalise on these multiple meanings and interpretations at their (entrepreneurs') expense. This is an obvious situation of an institutional void that can discourage productive entrepreneurship in the FS. These institutional contexts mainly found in developing countries are regarded as weak institutional arrangements incapable of regulating behaviour. In any entrepreneurial context where there is lack of clarity of formal institutional guidelines, entrepreneurs are

likely to resort to informal solutions to achieve their objectives. This includes operating a business entirely as an informal enterprise.

Sometimes, ambiguity in the meaning of institutional guidelines is seen to manifest in the process of enforcement of such institutional provision. This is the case where different treatments could be applied to the same regulatory provision at different times and places, and as it relates to different people. Implementation or enforcement of institutional constraints and incentives when approached in this manner introduce ambiguities and results in multiple interpretations of such institutional provisions. Lack of clarity and therefore the potential for multiple interpretations render institutional constraints and their frameworks weak.

Mair and Marti (2009) have described situations of weak institutional arrangements that support markets as “institutional voids”. They further argue, citing Rao, Morrill and Zald (2000) that such situations represent opportunity spaces for entrepreneurs willing to “infuse new beliefs, norms and values into social structures” (p.4). Most times opportunities that are created by voids in institutional arrangements are exploited via informal entrepreneurship because FS firms do not consider them viable enough in terms of the returns from such economic opportunities. This highlights the limiting tendencies of formal institutions, which prescribe and emphasise codes of behaviours aimed at entrenching formal markets (see Reimer, 2004), and by so doing shut out alternative ideas, especially those linked to traditional institutions.

Reimer’s (2004) analysis of four modes of relations shows how the conditions prescribed for inclusion in formal markets limits a large segment of people in society from participating in economic opportunities in the mainstream economy. Being so excluded, such individuals in most cases, often demonstrate ingenuity and creativity by relying on informal mechanisms to pursue their economic goals. Thus, informal entrepreneurs would normally use approaches that are not typically aligned to formal market standards, shaped

by western ideals. This shows a sort of asymmetry between formal institutional standards and informal modes of entrepreneurship. Fundamentally, because informal entrepreneurs are able to creatively apply informal solutions to deal with challenges and exploit opportunities outside of formal institutional boundaries, it implies that not recognising and excluding them from the FS robs the sector of all the ingenuity and alternative ideas they can bring to the FS.

(2) Institutional Ambiguity Resulting from Conflict in Jurisdiction

Institutional arrangements may also be ambiguous where institutions are structured in a manner that results in the elements in one institution conflicting with those of other institutions. For instance, environmental regulations may require firms to install certain equipment which are on the other hand, appearing on custom's list of banned items. Situations such as this are common in the Nigerian institutional context, although, even in the developed societies, these may be common occurrences. Conflict of jurisdiction between regulatory agencies in Nigeria has created confusion for entrepreneurs regarding the best course of action to meet regulatory requirements (Olugbenga, 2014). Entrepreneurs would in such instances lack the required guidance for appropriate action, which then prompts them to seek for informal solutions. This state of affairs could lead entrepreneurs to recognise opportunities within informal institutional boundaries rather than within formal boundaries (Webb et al., 2009).

Another area where such conflicts are often reported in the Nigerian setting is the tax structure in the three different levels of government – federal, state and local government. Often, business people are left confused as to the appropriate level of government they ought to pay certain of the taxes since all the three tiers of government may be requiring payment of the same tax. In such situations, rather than the different levels or tiers of government reconciling their differences and agreeing to allow only one tier of government to collect the tax under contention, it is the taxpayers that are often left to sort

themselves out. In most cases, they end up paying the tax at the different levels of government (Adewusi and Aluko, 2014; Adebisi and Gbegi, 2013; Atawodi and Ojeka, 2012; Sanni, 2012). Adebisi and Gbegi (2013) noted that SMEs have been grappling with the problem of high tax rates, multiple taxations, complex tax regulations and lack of proper enlightenment or education about tax-related issues. Again, following the rationalist argument of entry into the IS, it is a simple logic under these circumstances that the best option is to avoid tax payment because trying to meet all the required tax payments may significantly erode the profit potential of the business. Informality, in this case, may be seen to provide a better incentive (Chen, 2012; Welter, Smallbone, and Pobol, 2015).

North's (1991) description of the purpose of institutions depicts the degree of clarity, coherence and consistency necessary as qualities required of any institution. According to him, institutions throughout history have been devised by human beings to create order and reduce uncertainty in exchange. It can, therefore, be understood from this standpoint that conflict of meanings and jurisdiction in institutional arrangements would result to such institutions easily losing their relevance since set objectives may not be achieved. The voids thus created would then become the excuse for institutional constraints in these circumstances to be treated with levity by those upon whom such constraints should be binding.

Institutional Misuse

Polishchuk (2012, 2008) conceptualises institutional misuse as a situation in which institutions are used in ways that were not intended as a means of achieving personal and often self-interest goals. The danger of institutional misuse lies in the fact that beyond a certain threshold of misuse, it can render such institution(s) dysfunctional. As stated earlier, Davis and North (1971) argued that the institutional framework which is beneficial for entrepreneurship should be made up of the set of fundamental political, social and legal ground rules that establishes the basis for production, exchange and distribution.

Ironically, such ground rules could be subverted by agents of the government, sometimes in collusion with those whose behaviour such institutions are supposed to regulate (Udechukwu, 2013).

Polishchuk (2012, p.172) argued that “the essence and purpose of reforms in transition and developing countries have been to supply institutions that support markets, protect property and contracts, and ensure accountable governance in the private and public sectors and efficient delivery of social services”. In most African countries including Nigeria, formal institutions, where they exist, do not seem to serve these egalitarian purposes rather they are designed in ways that tend to serve the interest of few privileged elements within the society (Akinola and Adesopo, 2014). It has often been argued that such an approach to institutional design and governance had been inherited by the erstwhile nationalists to whom the colonial masters handed down the instruments of power after independence (Otoo, 2013; Olutayo, 1999).

Polishchuk (2012) describes instances when institutions represent platforms and mechanisms for indulgences as incidences of institutional misuse. According to him, owing to either laxity of enforcement of institutions' rules or other related factors, institutions can be manipulated. He further argued that manipulation can be done by the imprecision of the rules of such institutions and that by so doing behaviour is made to conform to the letter of the institutions while on the other hand, it frustrates the spirit of the institutions. This highlights an obvious relationship between enforcement and ambiguity of institutional design, as well as the deliberate self-interest agenda (misuse) that is sometimes brought into the design of institutions. Polishchuk emphasised that the ability of institutions to reduce uncertainty could be compromised because of signals that could represent otherwise unobservable traits and behaviours. He concludes that:

When enforcement mechanisms malfunction, public trust in an institution can be exploited to mislead society about the true type of an agent and his/her behaviour. As the number of violators grows bigger, confidence

in the institution progressively declines, and the institution is losing its reputation (Polishchuk, 2012, pp. 174).

The scenario described above highlights how misuse of institutions is in part tied to enforcement mechanisms, which is fully discussed in the next section. At the point where institutions become susceptible to misuse, the incentive to engage in informal entrepreneurship becomes higher; this entrepreneurial decision could be intentional or unintentional. Gorska (2010) refers to unintended informality as a situation whereby an entrepreneur, in the first place sets out doing his best to be law-abiding but is sometimes forced to circumvent regulations because of the strong imperative arising from the negative elements in such regulations and/or regulatory institutions.

Gorska (2010) has listed, for instance, the complexity of regulations, the frequent change in legislation, and poor access to information, as some of the factors that contribute to unintended informality. Miller (2007, p.127) adds that states can only fulfil their role of enforcing human rights where they are able to “build coherent legal regimes in functional market economies that bring the cost of formality below that of informality”.

Adding voice to the governance dilemma in Nigeria as further made complex by self-interest tendencies, Lewis (2006, p.94) asserts that “the self-interested behavior of individuals and groups leaves everyone worse off than would a cooperative solution”. Governance of institutions is largely defective because of the tendency of government agents to always want to use institutional arrangements to their benefit. Thus, anticipated unofficial rewards are considered to be an integral element in the discharge of their official functions. This phenomenon reflects in how field officers approach enforcement of regulatory provisions.

Gorska (2010, p. 2008) observed that “paradoxically regulations, - something meant to provide order and stability – are contributing to a climate of uncertainty and anxiety”. Gorska concludes therefore that the legitimacy of the regulation is weakened when the

individuals that are supposed to enforce them are now seen to be, in fact, adopting self-devised and unethical methods of enforcement guided by private interest.

According to Agbibo (2013: pp. 273 – 274), “In the political arena, corruption is seen as undermining the capacity of the state and its institutions to function properly and to deliver public goods and services to its citizens”. Corruption can promote informality in at least two ways. First, corruption simplifies processes in the IS thus make the sector more attractive than the FS. For instance, operating a business clandestinely in the IS may only be possible with the compromise of corrupt government officials. Second, in the FS, corruption may represent an oppressive force that can make the sector unattractive to the extent of forcing business people out of it into the IS. However, in situations where indulging in particular corrupt practices in the FS reduces the cost of otherwise complying with official procedures and therefore becomes a means of cutting corners, then this is not likely to drive people into the IS (Ebben & Vaal, 2009; Friedman, 2000; Andvig et al, 2000).

In Nigeria, the negative impact of corruption on the welfare of employees is one way in which it can promote growth in the IS. Folawewo (2015) observed that because of the effect of corruption which makes labour rules and regulations ineffectual, there is lack of adherence to employment and compensation laws on the part of employers, resulting in grave consequences for workers. Again, this could be another reason why aggrieved employees would seek self-employment, most of which would be in the IS.

The literature on corruption also indicates that apart from the negative influence of corruption on the capacity of a society’s institutional framework, and in particular, regulatory mechanisms to regulate behaviour, the regulatory framework itself can promote corruption (Andvig et al, 2000). Either way, it would lead to increase in informal economic activities. Andvig et al (2000) make reference to scholars such as Myrdal, (1968b); Rose-Ackerman (1978) and Tanzi (1998) who argue that civil servants often deliberately adopt

the strategy of instituting extensive public sector regulations as a means of increasing the willingness of their clients to pay bribes. In Nigeria, because the majority of actual and potential small business operators are poor, informal economic activities not subject to public scrutiny would in these circumstances enjoy more preference.

Institutional Passivity and Weak Enforcement

Weak enforcement has in some instances been attributed to the magnitude of society's activities which could limit the ability of government agents to provide effective enforcement, thus creating opportunities that entrepreneurs often exploit informally (Webb et al., 2014; Webb et al., 2009). Schneider (2005) argue that the enforcement of regulation is what creates the burden on individuals and firms and consequently drives them into informality. According to him, the overall extent or degree of regulation itself is not necessarily what drives people into informality because often such extensive regulations are not even enforced. However, in some cases, the inadequacy of enforcement is a deliberate strategy that reflects the understanding which government officials have about the conditions of informal actors. Thus, enforcement could be negotiated in some of these instances (Webb et al., 2014; Bromley, 1978). Structural and other conditions within a society that could make strict enforcement appear unjustifiable are thought of, in such circumstances as having the potential to reduce the push for regulatory enforcement. A variety of factors could warrant such a posture of lax enforcement.

Timberg (1995) argued that because of the very small size of microenterprises the regulatory enforcement they attract is often relatively little. This would be more likely in developing country contexts such as we have in SSA. Considering that informal enterprises are predominantly microenterprises, we can safely assume that lack of, or inadequate enforcement of laws and regulations is a prevailing phenomenon within the context of informal economic activities in Nigeria. For instance, Chen (2007) argued that many informal businesses do not fit into existing tax bracket because of their low level of

output or income. Some observers of the IS have argued that informal actors deliberately operate as small entities in order not to be exposed to regulatory enforcement (e.g. Ulyssea, 2010; Farrel, 2004). Ulyssea (2010) observed that effective enforcement can reduce the size of the IS but that on the other hand, it significantly increases unemployment as well as reduce aggregate product and average productivity.

Some scholars (e.g. Friedman et al., 2000; Schneider, 2005) have taken the debate beyond the question of whether or not enforcement is appropriate within the context of the IS debate. Such scholars have moved on to considerations of the quality of enforcement, thus raising the question of when enforcement is appropriate and when it is not. The cost/benefit analysis argument to the question of enforcement represents an important element in this dimension of the debate about the rationale behind regulatory enforcement. In this view, enforcement is beneficial only if the cost of enforcement is lower than the benefits derivative from such enforcement. Such costs could be direct or indirect costs and include such elements as social costs to society. As an example, costs directly attributable to unemployment resulting from dislodging individuals from the IS or preventing others who would otherwise have made informal economic activity their source of livelihood.

Reducing the size of the IS is ideally to correct the distortions that are normally believed to be caused by the IS, such as loss of revenue to the state (Ordonez, 2010). Ironically, however, such a process, on the other hand, can create greater costs for the state such as increased unemployment, reduced aggregate product and a decline in average productivity (Ulyssea (2010)). Thus, in the long-run, the state might end up incurring more costs as a result of enforcement. Findings from empirical studies further reinforce this argument. Benjamin and Mbaye (2012) have documented in their study of three West African countries where there is seeming convergence of opinion relating to this issue. The authors have said, "Indeed, the fiscal administrations of the three countries seem to be of the opinion that the cost of obtaining information on informal firms outweighs the benefit of

the increased revenues that would result” (p.10). This factor, according to these authors, makes the focus of enforcement to be concentrated on the FS with the consequence that firms with the capacity to be formal would rather remain informal while even those in the FS are tempted to take informality.

In the section on the 'misuse of institutions' above, the relationship between self-interest tendencies of public officials and institutional ambiguity on the one hand, and weak enforcement, on the other hand, were highlighted as they further help to provide understanding of how weak enforcement potentially influences engagement in informal economic activities. In most of the developing and transitional economies, corruption is another factor that links regulatory enforcement to the incidence of informality in economic activity (Benjamin and Mbaye, 2012; Perazzi, Merli and Paredes, 2010). The effect of corruption in this regard is two-pronged. First, the willingness of corrupt government agents to subvert the law for their gains creates the loophole for economic actors to conveniently circumvent regulations since those that should enforce the regulations have been compromised. Second, it is often argued that entrepreneurs are most times forced to opt for informality because of the pressure of bribes and other illicit demands that corrupt officials usually bring to bear upon them. These are all institutional factors that are related to weak regulatory enforcement, and which consequently promote the incidence of informal economic activity. Findings in Gorska's (2013) study of Romanian informal tourism sector buttress the argument that certain approaches to enforcement may not achieve the objective of compliance and reduction of the incidence of informality, and indeed, can potentially discourage those that are already in the FS, thus forcing them to change to informality.

An important point relates to the distinction between absence of regulation and inadequate enforcement. Making this distinction helps in understanding how each of the two situations impact on entrepreneurs' decisions to either opt for the FS or IS. For instance, some

scholars have argued that where contracts and property rights are adequately enforced then entrepreneurs would feel they are protected enough to operate their businesses formally. Benjamin and Mbaye (2012) contended that it would be pointless being formal if, as a result of institutional voids, one would not be able to benefit from the required public services (such as infrastructure and legal protection).

On the other side of the coin, adequacy of laws and regulations without adequate and appropriate enforcement mechanism would leave entrepreneurs at the mercy of corrupt government officials. In these later instances, the IS might likely become more attractive. It is important to add however that, adequate enforcement mechanisms should necessarily include control systems that check corrupt tendencies of government officials since, without that, corruption can derail even the best of regulatory regimes. In the Nigerian context, this later scenario is what describes the situation in most sectors (Lewis, 2011).

All the voids that can be created in the situations described above are mainly governance-related just as the conflicts in jurisdictions. Conflicts and contradictions between formal and informal institutions represent another critical source of institutional voids. This later situation is termed institutional incongruence, and it is the subject of discussion in the next section.

Institutional Incongruence

Webb et al. (2014), citing Khanna and Palepu (1997) contended that imperfections can often be spotted in the way formal institutions structure economic activity. Specifically, Webb et al. (2014) argued that in performing their role, "formal institutions can overlook opportunities, fail to provide structure that facilitates efficient market transactions and resource allocation, and otherwise ineffectively manage the complexities and often diverse, pluralistic, and demanding societies". "these imperfections bring to light the tensions and unique interactions that can exist between formal and informal institutions

(i.e., societies' more intangible norms, values and beliefs that can also define, monitor and enforce social acceptability)" (p.7). Essentially Webb and his colleagues in the text above have put in clear perspective what gives rise to the pressures that parallel institutions often bring to bear upon formal institutions.

Parallel institutional arrangements often emerge which produce institutional incongruence because of conflict of interests between them (parallel institutions) and dominant institutions (Webb et al., 2009). Institutional incongruence creates voids irrespective of whether dominant institutions are unambiguous, or are having clearly defined expectations and the sanctions associated with non-compliance (Chaux and Haugh, 2014). Webb et al., (2009) argued that such a context of group-level institutions represents ideal scenarios for informal economic configurations and that such informal institutions defined by collective entrepreneurial affiliations are often the basis for the definition of legitimacy for informal economic activity. As mentioned earlier, it must be noted that the conflict between institutions, in this case, is not the same as discussed under institutional ambiguity, where the conflict is between formal institutions. In this case (institutional incongruence), the conflict is between formal and informal institutions. Peters (2000) attempts to highlight the significance of institutional congruence in the following text:

The variable [institutional congruence] reflects a concern with the extent to which relationships within political institutions match the social relations they are supposed to regularise and maintain. If political institutions are not congruent, then they [can not] be expected to survive and be effective. Also, this reflects a concern about differences between the values of political elites and the values of the masses (P. 9).

Peters has in effect summed up the roots of the conflict between formal and informal institutions that creates institutional incongruence. Understanding the underlying issues in this conflict provides a basis for appreciating the paradox of informal economic activities being considered as "illegal", yet "legitimate" (Webb et al., 2009). The status of legitimacy conferred on informal economic activities directly derives from the belief that such activities thrive because of the failure of formal institutional arrangements to accommodate

certain segments of the society regarding participation in economic opportunities. Informal institutions in these instances become important in substituting or complementing the role of formal institutions.

Meagher (2007) identified four perspectives used to describe the meaning and sources of informal institutions in Africa. These are the evolutionists, legal pluralism, structuralists and post-structuralists perspectives. Examining the meaning and sources of each of the four perspectives is considered important in this study since this represents one major potential route to providing background knowledge of how conflicts between formal and informal institutions can promote the growth of informality. It is important therefore to consider these perspectives individually.

(1) The Evolutionist Perspective

The evolutionist perspective is a viewpoint that informal institutions represent remnants of pre-modern times. Thus IS in SSA is in this sense seen as having its origins from pre-modern times and associated with age-long traditional or informal institutions or systems. From this perspective, therefore, the IS in its current form can be traced back to trading and craft systems that existed long before the advent of colonial rule in African states (see, for example, Kabra, 1995). Such a connection between the IS in SSA and pre-modern times is aptly captured in North's (1990) assertion that "Institutions evolve incrementally, connecting the past with the present and the future; history, in consequence, is largely a story of institutional evolution in which the historical performance of economies can only be understood as a part of a sequential story" (p.97). A similar picture is presented by Palmers (2004) in his attempt to illustrate the link that exists between the IS and traditional institutions as claimed by various scholars. Thus, the FS/IS dualism is believed to be an off-shoot of what was described in the dual economy literature of the 1950s as traditional and modern economies respectively.

(2) The Legal Pluralism Perspective

Legal pluralism in this context is the idea that European legal systems were superimposed on pre-existing systems resulting in dual legal systems. Looking at the development of the IS in SSA from the perspective of legal pluralism creates yet a different level of understanding of the growth and current status of the IS in the sub-region. Superimposition of European systems and institutions on the already existing African traditional systems did not obliterate these older African systems and institutions, although, they were subjugated. In a rather subtle way, the pre-existing systems survived alongside the European systems and had re-emerged in more forceful ways and tend to now enjoy a certain degree of relevance (Settles, 1996; Dada, 1985). A precise illustration is the case of Kanuri traditional institutions under British colonial rule (Seidler, 2011). Seidler developed his conceptual framework for understanding how informal institutions influence economic outcomes. His framework which builds on Williamson's (2000) hierarchy of institutions and Boettke, Coyne and Leeson's (2008) concept of institutional 'stickiness' helps in providing an understanding of why local and informal constraints tend to prevail against imported and more formal institutions.

Seidler (2011) used his study of Kanuri traditional institutions to highlight important elements including path-dependence (North, 1990) and legitimacy (Suchman, 1995) that explain the embeddedness or stickiness of informal institutions. Seidler (2011) concludes from this study that British institutions could not gain legitimacy in the northern part of Nigeria because of the entrenched Kanuri traditional institutions which prevailed over them, and have continued even to the present time against the formal institutions of the federal state. Seidler contrasted the contexts of imperial rule in Northern Nigeria to that of Botswana, concerning the legitimacy of foreign (largely formal) institutions. He noted that in the Nigerian context (based on his study of Kanuri institutions), the conflict between local traditional institutions and those of the British was a typical case of the latter largely

lacking legitimacy thus making them weak. Although, the Southern part of Nigeria represented a different scenario because, as Effiom and Ubi (2015) argue, there was a lower level of pre-existing social capital, and that the southern context was characterised by a culture of republicanism and liberal religious norms. The Botswana context, on the other hand, was different as the European institutions were successfully adapted to the existing local norms. This probably partly explains the much lower incidence of informal economic activity in Botswana relative to Nigeria. The literature on institutions indicates strongly that whenever foreign formal institutions are imposed on local institutions the latter often develops mechanisms to avoid its extinction (see, for example, Golub and Hansen-Lewis, 2012; Meagher, 2007; Lewis, 2001; Pejovich, 1999).

Another important traditional institution that has persisted through generations of evolutionary processes of financial institutions is the 'Esusu' traditional financial institution. This mode of financial organisation has almost maintained its original form all through the different generations with very minimal changes in how it is practised. Esusu serves as a social arrangement that pools together financial resources to facilitate the provision of needed finance to cooperating and needy members of such social organisations or arrangements (Iganiga, 2008). Esusu is a very convenient and simple system of financial market transaction devoid of complex exchange mechanisms such as we have in formal financial market transactions. This makes it most appropriate for all classes of people in the society, but particularly, rural and uneducated people. This reflects its traditional and local origin; it is not based on western approaches.

One singular factor that has made the Esusu institution credible and to persist is the fact that it derives from the traditional African norms and belief system and rests on that pivot (Iganiba, 2008; Norwood, 2005; Soyibo, 1996). With the formal financial institutions either being out of reach or inefficient regarding addressing the unique needs of certain segments of the society, this informal finance source helps to fill the gap. Because of its

positive impact, microfinance institutions in Nigeria have adapted aspects of these traditional schemes into their mode of operation (Iganiga, 2008). In this case, a formal institution has adapted the traditional local norms into their scheme because the local norms and beliefs are considered to be productive (Hayek, 1979).

Traditional institutions have been, and continue to be an important part of the economic, social and political systems in SSA, particularly Nigeria. In the functioning of traditional societies in Nigeria, people's actions and decisions are influenced by these traditional institutions. The political system of administration in most of these societies is based on an established system of chieftaincy and councils comprising of chiefs and other title holders. As an example, Nweke (2012) described a traditional institutional system made up of chiefs-in-council, elders-in-council, and title holders. Nweke (2012) observed that such traditional institutions effectively substitute formal executive, legislative, and judicial authorities in the societies where these formal institutions have little or no presence.

These traditional systems of administration have most times been adjudged as being largely effective, especially since they are more suited to the traditional contexts. With the chiefs and elders and other title holders vested with local authority, the power they exercise is considered legitimate. Therefore, in matters of adjudication, they have been considerably successful. Citing Afigbo (1972) and Adegbulu (2011), Nweke (2012) noted the role of warrant chiefs and native court systems, which accounted for the success of these local systems of administration as far back as in 1891. For example, property rights were enforceable, as such matters (in most cases, land disputes) were easily settled through these traditional systems. Most operators in the IS rely on these traditional systems to resolve disputes even in the present day.

Similar systems exist which, function on the basis of beliefs in the supernatural powers of deities and other spiritual entities for administration of the justice system (Igbo and Uguoke, 2013). This approach to criminal justice still persists to some extent, and is highly

dreaded in some traditional African societies. Whenever a person is accused of committing a crime, the parties involved are normally made to face the judgement of a deity or similar non-human spiritual/religious authority (although, in almost all the cases, a human agent usually referred to as priest represents a non-human spiritual authority or deity).

Again, this tends to explain why individuals highly inclined to traditional beliefs are likely to give priority to complying with traditional norms in the same contexts where they circumvent formal regulations. This forms the basis of understanding the relationship between traditional institutions and the incidence of IS activity as these traditional institutions, even in contemporary times, continue to compete for legitimacy with formal institutions.

The picture that appears to emerge from the discourse so far is that a desirable quality in institutions is one which derives from an appropriate blending of local beliefs, values and norms with the modern and more formal constraints. In the view of most scholars, the most significant basis for conferring legitimacy on formal institutions is to adapt such institutions to reflect the underlying norms, beliefs and traditions of the informal traditional institutions within the societies concerned. North's (2005) thought on this is that, for performance to improve there must of necessity be a certain combination of formal rules and informal constraints, and that the task, in this case, is to gain an understanding of the exact and appropriate combination that will produce the desired results both at a moment of time and over time.

Other scholars who have emphasised the need to approach the development of formal institutions on this basis include Williams and Shahid (2016), Seidler (2011), Smallbone and Welter (2004). Seidler (2011) for instance argued that imported formal institutions would lack legitimacy if they are not appropriately adapted to informal institutions. To him, legitimacy represents the social ranking of a norm regarding its ability or inability to impose constraints on human behaviour.

Notwithstanding the perceived significance of informal institutions, some scholars have noted their potential negative impacts. For instance, Boettke, Coyne and Leeson (2008) have warned of the possibility of locked-in institutional arrangements being sub-optimal. He believes that considering the information available in today's contemporary society, it may be more appropriate for agents to seek other arrangements. Hayek (1979) has earlier noted that because a constitution primarily represents as its underlying derivatives, beliefs, habits and traditions in the specific society where it is developed, therefore the potential of such a constitution as a representation of liberal democratic principles must derive from the cultural elements that constitute its source. That is, such cultural elements must inherently be characterised by the same democratic values which are eventually reflected in the constitution. In other words, there is a negative side to informal institutions just as it has positive sides.

However, Meagher (2005) has argued that regulatory failures in Africa may be the result of "the chaotic formal institutional context of liberalisation and state decline, rather than from the intrinsic deficiencies of African cultural institutions" (p. 224). The major reason for the call by scholars to adapt formal institutions to local beliefs, norms and values is because of their embeddedness or path-dependence (North, 1990; Boettke and Coyne, 2009). Seidler (2011) expatiates on this issue arguing that, from the moment informal institutional arrangements are adopted in any society, they become capable of "locking in" over generations, thus become integrated within the society to form part of its cultural heritage, tradition or religious beliefs. He furthered observed that this provides an explanation regarding the persistence of informal institutions and the resistance to change. This is what Boettke, Coyne and Leeson (2008) refer to as "institutional stickiness".

The path-dependence of informal institutions has been identified as a source of conflicts with formal institutions, and this defines the degree of asymmetry between them and formal institutions as well as the potential for institutional incongruence to exist. The

greater the disparity between formal and informal institutions the higher the degree of incongruence, which in turn determines the propensity for entrepreneurs to operate in the IS. That is, a greater incongruence between formal institutions and informal institutions would lead to a greater number of entrepreneurs preferring to operate informally (Williams and Shahid, 2016; Seidler, 2011).

One important reflection regarding the path-dependence phenomenon in the context of investigating drivers of informal economic activity is, the implication it (path-dependence of informal institutions) has on what Boettke et al. (2009) term "foreign-introduced-exogenous" institutions. Easterly (2006) among many other scholars believe that such attempts to impose foreign (mainly western) institutions in developing countries have largely failed. This is most evident in African countries. Among the four main views identified for explaining the emergence of institutions (efficient institutions, group conflict, ideology-based, and spontaneous order views) the one that tends to fit more in the context of discussing legal pluralism is the ideological view. The high points in this view are the importance of ideology and belief systems in the emergence and evolution of institutions (Boettke and Coyne, 2009). This reflects the informal roots and informal components of formal institutional fabrics, without which formal institutions would conflict with informal institutions. Institutional incongruence thus creates loopholes for informal solutions to social and economic imperatives; the course of action deemed most appropriate and necessary as a response to institutional incongruence because of the uncertainty and confusion that it creates.

(3) The Structuralist Perspective

The structuralist perspective is a viewpoint that considers how the colonial and post-colonial struggle for access to power and resources has impacted on informal institutions. This has resulted in the emergence of newer and modern forms of informal institutions such as hometown associations, women's organisations and vigilante groups, through a

process of reshaping, transforming and disrupting informal institutions (Einsensadt, 2002, in Meagher, 2007). The central idea in this perspective falls within the same argument of failure of the state as the reason for the emergence of informal arrangements that compete for legitimacy with formal institutions of the state. However, in this case, newer forms of social, political and economic processes and networks are emerging to give a new form to informal institutions in the process. In other words, the IS is one manifestation of a new trend in SSA in which informal economic and political organisation are challenging weak state institutions and changing the face of old informal practices in trade to give it a new status of dynamism (Meagher, 2013, 1995; Brautigam, 1997). In this context, IS operators in SSA could be viewed as potential institutional entrepreneurs since they appear to be in the process of radically changing the old order of institutional arrangements either intentionally or unintentionally.

From this perspective, the conceptualisation of informal institutions takes a more contemporary view, and in some cases an elaboration which combines acceptable aspects of both traditional and formal institutions into what is perceived by individuals who uphold the norms of such institutions as meeting the standards and conditions of legitimacy. It is this class of institutions that are believed to have emerged for coordinating repeated human interactions and can be specified as extensions, elaborations and modifications of formal rules; socially sanctioned norms of behaviour; and internally enforced standards of behaviour (Fiori, 2002; Hodgson, 1993; Boland, 1992 in Hodgson, 2006).

Smallbone and Welter (2010, p. 4) similarly add voice to the effect that informal institutions “evolve as a culture-specific, collective and individual interpretation of formal rules”. Smallbone and Welter provide as an example where a specific legal framework with explicit regulations for implementing laws can have such regulations overtime being complemented by unwritten rules. The authors contend that this normally provides an implicit understanding of the content of such regulations and that informal institutions can

in this sense fill legal gaps which may not be apparent in the normal process of enforcing laws and regulations.

These institutions that emerge on this basis (response to perceived exclusion as reflected in formal institutions) exist as parallel institutions and often fulfil the conditions that confer legitimacy on them from the perspective of group members. In other words, members of such informal groups have their different interpretation of legitimacy. According to Seidler (2011; p.4), legitimacy describes the social ranking of a norm which is its ability or inability to impose constraint on human behaviour". Therefore, for members of informal groups representing parallel institutions, while formal constraints may be resisted or deemphasised, other constraints imposed by the informal institutions whose norms they uphold may be more respected. This perspective fits into De Soto's (1989) argument relating to the effect that corrupt government apparatus has, in terms of engendering informal economic activities. The argument that self-serving approaches in the design and development of formal institutions create voids that permit groups and individuals to develop informal coping mechanisms corresponds to De Soto's thesis. Such self-serving formal institutions considered socially inefficient would not find social acceptability among the majority of the population and therefore lack legitimacy (Webb et al., 2009). Parallel institutions (informal) emerge which challenge these weak state institutions.

Definitions of institutions as codifications of norms and beliefs held by those groups of individuals in the position of power in Society, according to Webb et al. (2012) may mean that there are other groups, less powerful in society who may have different definitions of social acceptability. Webb and his colleagues have further argued that entrepreneurship occurs in the IS, at least in part, because of these differences in what is defined as socially acceptable. Pressing this argument further, these authors, also refer Centeno and Portes' (2006) assertion that what a society establishes as "legal" by its overarching formal institutions may not necessarily be "legitimate" to large groups in the society possessing

different perspectives of social acceptability. In this instance, these authors' perspective agrees with that of Hart (1973) who also insists that "the system of bourgeois values enshrined in a nation's code of laws may not coincide with concepts of legitimacy prevalent in certain subcultures of that society" (p.74). Lee and Hung's (2014) study of institutional entrepreneurs in IS of China's Shan-Zhai mobile phone enclave illustrate how informal entrepreneurs adopt processes that lead to legitimising relevant informal norms. This is another appropriate illustration that describes the context of excluded groups organising themselves through informal mechanisms to challenge formal institutional constraints that did not serve their interest.

Related to this issue, Webb et al. (2012) have made the critical proposition that "institutional incongruence creates a situation in which socially acceptable opportunities exist outside formal institutional boundaries for entrepreneurs who are willing to take the risks of operating outside the law. The risk in this sense may be considered from two perspectives. On the one hand, risk-taking behaviour is associated with subverting the law, but on the other hand, it is a positive and progressive entrepreneurial behaviour which is required for enterprise growth and success. At this point, a very pertinent question that perhaps begs for an answer is, to what extent does such risk-taking behaviour on the part of informal entrepreneurs manifest in their decision to adopt an informal mode of entrepreneurship? That is, does this supposed risk-taking propensity reflect in practical terms in the decision context of choosing an informal mode of entrepreneurship?

All the explanations for the emergence of institutions seem appropriate for understanding the conflicts and tensions (often described in terms of institutional incongruence) that ultimately drive economic actors into informality. Again, among the four explanations for the emergence of informal institutions mentioned earlier, the "group (social) conflict view" tends to align more with the structuralist perspective and help to further highlight how conflicts give rise to informal institutions. In this view, institutions are often the product of

a small group privileged to be positioned to function in that capacity; therefore, in some cases, the resultant institutional arrangements would not represent what is socially acceptable to other groups within the society (Boettke and Coyne, 2009). Such arrangements are usually regarded as socially inefficient, as they are normally of the nature that would benefit the few in the decision-making cadre. The result of such a scenario is the emergence of parallel institutions. Acemoglu, Johnson and Robinson (2005) talk of the plausibility of the social conflict viewpoint for explaining the emergence of institutions. However, we contend that the social conflict viewpoint even fits more in the specific case of explanations of how institutions devised by autocratic and self-serving state agents create conflicts of interest which then lead to the emergence of parallel (informal) institutions. This, in the social conflict view, is where the IS derives its legitimacy.

(4) The post-structuralist perspective

The post-structuralists see the relationship between informal and formal institutions as a continuous contest and competition for power and public authority. Thus in this viewpoint, informal institutions are believed to provide unofficial order in the form of social networks, cultural values, corruption and coping strategies (see Meagher, 2007). To this extent, informal institutions are considered as mechanisms of agency rather than as non-state institutions. Power and public authority between informal institution and their formal counterparts is in this case is seen as a contest whose outcome results from continuous struggle and negotiations. Meagher (2007; 410), citing Chabal and Daloz (2006) and Lund (2007), notes that underlying this perspective is the notion of “dualism in which informality is associated with normative orders rooted in culture rather than in the institutional structure of the western state”.

In Nigeria for instance, historical developments over time shows how power struggle, often reflecting religious and ethnic differences (Effiom & Ubi, 2015; Udechukwu & Mujtabi, 2013; Lewis, 211), has led to the emergence of informal groups such as Odua

People's Congress (OPC), Movement for the Emancipation of the Niger Delta (MEND), Movement for the Actualisation of Biafra (MASSOB), Bakassi Boys, among others. Each of these groups rests on a particular ideology that have made them engage with the state on issues which can range from constructive engagement to violent, and in some cases, even criminal onslaughts against the state or the public. Udechukwu and Mujtabi (2013) observed that the history of Nigeria is fraught with primary loyalties to informal institutions in the form of ethnic, religious and regional affiliations and that this continue to undermine the much needed national identity and purpose. Lewis (2011) adds to the list of ethnic identity factors, language, localities, livelihood and partisan allegiance. He emphasised that the ethnic identities, which is defined by language and locality, constitutes a basis for group solidarity and competition over resources.

A feature of such informal organisations is the inherent tendency by members of the groups to use these channels as a means of engaging in large scale informal economic activities. Most of the economic engagement by these groups is usually criminal in nature. However, our focus in this study excludes the criminal dimensions of informal activities. Often, they are ready instrument in the hands of elites who create communal anxieties and sponsor armed groups to cause insecurity. The elite would usually take such clandestine steps strategically as part of the bargaining process in the power struggle (Lewis, 2011). However, because the focus of this study is investigating factors that influence individuals to engage in informal economic activities, this perspective (post – structuralist) would not be emphasised, as it is of little relevance in increasing understanding of how institutional voids drive people into informality.

Institutional Incongruence and the Incidence of Informality in Economic Activities

From a historical lens, the above points highlight traditional institutional bases for understanding the growth of the IS in SSA as this can be related to explanations of historical antecedents of informal economic activities in the Sub-region. The underlying

point in all of the viewpoints above is the reality of the existence of pre-existing institutional arrangements in the various African states as well as the re-emergence of these, either in their normative and traditional form or modern forms after years of relegation. Such re-emergence of informal institutions to compete with formal institutions for legitimacy stems from the perceived failure of the state and modernism predations (Palmer, 2004; Webb et al., 2012). The failure of the state particularly in Africa, as manifest in the lack of capacity to address problems arising from economic crisis, ethnic conflicts, environmental and health concerns etc. have created room for informal institutions to take charge in some instances (Brautigam, 1997, Potts, 2007). Each of these problems and the need to address them had in one way or the other given impetus to the re-emergence or reinvigoration of informal institutions.

The review of the literature so far tends to suggest that institutional incongruence can result from both institutional paralysis as well as the failure to adequately incorporate local traditional beliefs and norms into society's formal institutional framework. Either of the two factors can results in segments in society seeking alternative (informal) means of solving problems and giving less emphasis to formal institutional guidelines. In other words, such individuals would be less willing to be influenced by formal institutional constraints in their behaviour, including their economic decisions (Webb et al., 2014, 2009; Chaux and Haugh, 2014; Ndiweni and Verhoeven, 2013; Schneider, 2005; De Soto, 1989). Additionally, the analysis of three perspectives for understanding the emergence of informal institutions – evolutionist, legal-pluralist and structuralist perspectives – tends to provide additional understanding of how in different contexts, the interactions between formal and informal institutions can potentially create tensions leading to institutional incongruence (Meagher, 2007). Further, the evidence from the literature suggests that such contexts of institutional incongruence prompt groups and individuals to engage in informal entrepreneurship (Williams and Shahid, 2016; Seidler, 2011).

Institutional void is seen to be such an important element in the context of entrepreneurial practice. It tends to be linked with all the different perspectives commonly adopted in examining entrepreneurship. One of such important perspective relates to how institutional voids can determine the mode of distribution of resources and power within a society. Mair and Marti (2009) have defined institutional voids as a situation in which the absence or weakness of certain institutions inhibits participation in markets for the poor. It is worthy of note that the institutional void theory generally tends to support conceptions of IS operators as not necessarily motivated to become informal because of the need to survive but rather individuals with entrepreneurial capacity, and who in most cases voluntarily enter the sector based on the outcome of a process of rational analysis of the incentives and constraints in each of the two sectors (De Soto, 1989, Maloney, 2004, Webb et al, 2012). This raises the question regarding how social influences such as social exclusion drives people into informal economic activity, especially considering that one of the effects of institutional failures is exclusion and lack of access to social, economic and political rights and opportunities. This is discussed in the next section. The section examines how the processes of social exclusion influence people to choose the operation of business in the IS rather than participate in economic opportunities in the FS.

3.3. Social Exclusion and Informal Entrepreneurship

Reaching a consensus regarding the nature of social exclusion has been elusive (Jehoel-Gijsbers and Vrooman, 2007; Hills, 2002). This definitional challenge seems obvious as theoretical development relating to social exclusion is still largely centred on the issue of which dimensions best describe the concept thus, suggesting that theoretical development is still at its formative stage. However, any theoretical analysis of the origin of social exclusion always tends to point to Lenoir Rene (see Silver, 2015, 1994; Madanipour, Shuksmith and Talbot, 2015). Lenoir in his original conception of social exclusion viewed those who are excluded as, “the mentally and physically handicapped, suicidal people,

aged invalids, abused children, substance abusers, delinquents, single parents, multi-problem households, marginal, asocial persons, and social 'misfits'(Rawal, 2008, p. 162)..

The European Commission's points of emphasis in achieving inclusion, as noted by Bhalla and Lapeyre (1997) implies that social exclusion would occur where the rights of each citizen to participate in the major social and occupational institutions of the society, especially education, employment, housing, healthcare, are denied. Exclusion from formal educational opportunities and employment are dimensions of social exclusion that are directly relevant to understanding informal entrepreneurship motivation.

Examination of what the concept of social exclusion represents since after Lenoir's initial work, has in most cases involved analysing the concept from the French tradition vis-à-vis the Anglo-Saxon tradition – the later differs from the French tradition where the concept originated from (Silver, 2015; Bhalla and Lapeyre, 1997). For instance, while the French tradition emphasises a notion of social exclusion that considers achievement of integration through the mechanism of key state institutions, the Anglo-Saxon tradition, on the other hand, is rooted in the liberal paradigm. The later normally views society as "a mass of atomised individuals in competition within the market place" (Bhalla and Lapeyre, 1997, p. 415). Bhalla and Lapeyre further elaborate that definition of social exclusion from the standpoint of the Anglo-Saxon tradition reflects voluntary individual choices, patterns of interests or contractual relationship between actors or distortions to the system, such as discrimination, market failures and unenforced rights. Because elements of both traditions are relevant in this study context, the discussions in this section reflect and have a bearing on both traditions.

Another major area of discourse in the social exclusion literature relates to efforts at distinguishing it from the concept of poverty. Although this debate is of no serious relevance in the context of this study, it is important to point out that the debate highlights few issues which help to contextualise the concept of social exclusion in this study. For

instance, the understanding provided regarding the distinction of social exclusion from poverty along the lines of unidimensional versus multi-dimensional, distributional versus relational and, endogenous versus exogenous agency (Jehoel-Gijsbers and Vrooman, 2007) provides a basis for understanding how social exclusion relates to the questions being investigated in this study.

Precisely, this study aims to among other objectives investigate the relationship between social exclusion and individuals' decision to engage in informal economic activities. Therefore, it is pertinent to understand which aspects of social exclusion are applicable in the study. In specific terms, there is the need to understand if the research problem under investigation relates to the distributional or relational aspects of deprivation or both. Also, since the questions about relationships and distributions are also linked to the question of agency – who is excluding who – this also needs to be examined. Additionally, an exploration of possible theoretical bases for linking social exclusion to the decision to adopt the informal mode of entrepreneurship is done. These issues shall now be briefly discussed as they collectively help in understanding the processes of social exclusion and the conditions of excluded people.

3.3.1. Agency in Social Exclusion Processes

Silver (2015) argued that since exclusion is about broken relationships, two parties (the excluder and the excluded) would necessarily be in the equation in such contexts. The agency question like other discussion points in social exclusion is a contested issue. This specifically is one of the questions that separate the two social exclusion traditions. An understanding of agency in exclusion from the Anglo-Saxon standpoint, especially in Britain, recognises the role of individual choice (Silver, 2015). Silver argued that where inclusion is accessible, it would not be appropriate to say a person is excluded if the person does not desire inclusion. Jehoel-Gijsbers and Vrooman (2007) also contend that an

individual could at least to some extent be the cause of his or her exclusion. They suggest that exclusion can arise at the micro-, meso- and macro- levels.

The French tradition on its part considers exclusion as arising from the relationship between the individual and the state (Bhalla and Lapeyre, 1997). Under this tradition, key state institutions are solely recognised as agencies of social exclusion. Gingrich and Lightman (2015) for instance express the view that the source of social exclusion is structural rather than individual. Nonetheless, Jehoel-Gijsbers and Vrooman (2007) opined that a better way to examine agency in social exclusion is to view it from the perspective of the actions of various agents having the potential to increase the risk of social exclusion. Some of these agencies, according to the authors, are the individual; fellow citizens; intermediate organisations charged with carrying out government policy in social security, health, welfare, and education; municipalities and national governments; the welfare state itself (p.15).

Extending this argument to the study context has important implications, especially because attention is drawn in the literature of social exclusion to the differences in contexts between developing societies and developed societies (see Hickey and Dutoit, 2013). Whereas in developed societies, state institutions are well developed and largely functioning, this is not the case in developing societies. The majority are vulnerable in developing societies such as Nigeria with little or no right of choice but rather left to follow the dictates of the only choices provided by state institutions in their failure and limitations. Therefore, while it is more common to examine social exclusion in developed societies in terms of marginal or minority groups that are excluded, in developing societies, it is the majority of the population that potentially risk social exclusion (Hickey and Dutoit, 2013; Li, 2004).

While some researchers have suggested that this renders the social exclusion concept less applicable in developing societies, it can be argued that with such a high proportion in a

society so disadvantaged, social exclusion research should be more applicable in these societal contexts. Saith (2001) although acknowledging the implication of the differences between the two social contexts, nonetheless, argued that social security schemes have to be designed in a manner that would address the specific circumstances and particular problems in developing societies. This leads to the question regarding the possibility of a higher level exclusion of the state from a wider, but exclusive international polity, where organised arrangements such as trading and economic blocks, economic and political treaties, and outright trade barriers have placed some countries at a disadvantaged position. The effect of all of these tend to manifest in how globalisation benefits stronger economies more to the detriment of other economies not having the ability to participate in globalisation (see Lindert and Williamson, 2003). Through restrictive policies such as trade barriers, some countries have been inhibited in their ability to participate in and enjoy the benefits of globalisation.

3.3.2. Social Exclusion as a Relational, Distributional and Multidimensional Concept

Distinguishing between the relational and distributional domains of social exclusion, among other things brings further clarity to the concept. While some scholars believe that social exclusion is only relational (e.g. Silver, 2015), others have argued that social exclusion is both relational and distributional (see Gjisbers and Vrooman, 2007; Bhalla and Lapeyre, 1997). In arguing for the inclusion of both domains, Joel-Gjisbers and Vrooman (2007) contend that social exclusion denotes both economic-structural exclusion and social-cultural exclusion which respectively refer to the distributional and relational dimensions of social exclusion. These are further elaborated to show that the distributional dimension consists of the material (income and goods) and non-material aspects (social rights). The relational dimension, on the other hand, consists of social integration (social relations and networks) and cultural integration (values and norms).

An inference from examining the distributional and relational features of social exclusion as done above makes it already apparent that the concept is multidimensional (see Silver, 2015). As noted by Silver, the very nature of social exclusion's dimensions would differ in different societies. This point is reflected in the diverse schemes used by different scholars to describe the dimensions of social exclusion. At the broadest level, the dimensions of social exclusion are considered simply as distributional and relational (Gjisbers and Vrooman, 2007). An expansion of these two broad dimensions results in depictions of the concept in different schemes showing diverse representations of these dimensions. Most researchers, however, present social exclusion as a four-dimensional concept (e.g. Atkinson and Davoudi, 2000; Gingrich and Lightman, 2015; Madanipour, Shucksmith and Talbot, 2015). Silver (1994) went as far as listing fifteen (15) dimensions. Most of these dimensions are encapsulated in Commins (1993) articulation of social exclusion regarding four types of systems failure. These are, failure of (1) the democratic and legal system, which promotes civic integration (2) the labour market, which promotes economic integration, (3) the welfare state system, which promotes social integration, and (4) the family and community system, which promotes interpersonal integration (Shucksmith and Chapman, 1998).

Essentially, what is considered important about social exclusion dimensions in this study is the need to relate the understanding of these dimensions to three levels of analysis of how these influence the decision to engage in informal economic activities. At the general societal level, exclusion of people from access to basic rights such as education, for instance, defines the first level of disadvantage. An individual thus lacking access to basic economic, political and social rights and opportunities may be excluded from participating in the FS because of the emphasis of the sector on particular qualifying criteria (second level). At the third level, having been consequently excluded from the FS and therefore forced into the IS, the operators in this sector then constitute a marginal group that is

further denied access to FS benefits. Social exclusion may in this way influence both the decision to choose informal mode of entrepreneurship and the decision to continue in it.

3.3.3. Social Exclusion Factors and Informal Economic Activity

Social relationship is a central element in human existence in any society. Ultimately, economic objectives are achieved through exchanges not exclusive of social relationships (Emerson, 1976). Knowledge of how these processes work in practical terms is of immense benefit to various stakeholders such as the academia, private sector, policy makers and NGOs. Therefore, knowledge of the relationship between perceptions of how processes of exclusion influence people's decision to participate in the IS is relevant in understanding some of the crucial questions in this study.

Because the context of the application of the theory of social exclusion in this study represents a departure from the usual discourses on social exclusion, the approach adopted here involves integrating the discussions and analysis in this section into the structure of the study to address the basic problem underlying this research effort. Therefore, the specific and relevant aspects of social exclusion related to the research problem in this study are considered based on the insight gained from the preceding discourse. Consequently, four specific aspects of social exclusion that tend to have significant links with the IS concept are examined below beginning with lack of access to formal education.

Exclusion from Educational Opportunities and Engagement in Informal Economic Activity

Considering the complex nature of the business environment, especially with the effects of globalisation, acquisition of requisite knowledge in business dynamics essentially becomes an integral part of the business process. In other words, managing a business successfully in today's globalised economy requires a continuous process of training and education to keep abreast with new developments in the business environment. To compete

successfully, it is logical that one must have superior knowledge of new business strategies and models as they evolve as well as keep up with the rapid changes in technological and process innovations. Mitra (2002, p. 193) noted that “Rapid change and new developments often leave ‘learning deficits’ among people. This implies that even for individuals already having requisite educational qualification, there is the need to continuously update knowledge. Even at the most basic level, certain basic skills are required to be gainfully employed in both wage employment and self-employment.

Mitra, Abubakar and Sagagi (2011) observed that knowledge creation is a function of human capital, which is itself developed through education and training. They also asserted that “The tools of human capital development in uneven development tends to be facilitative and productive in that the tools of human capital development – education, training and research – nurture possibilities of growth” (Mitra, Abubakar and Sagagi, 2011, p. 463). Taken together, these arguments tend to support the notion that an individual’s low level of education is a key factor that underlies and explains his or her presence in the IS, especially in developing country contexts such as Nigeria.

Unfortunately, in the poor societies of SSA, young people in most cases cannot afford formal training and education. Thus most of the operators in the IS in SSA are individuals with little or no formal educational qualification (Chen, 2007). The IS has been characterised as a domain of low skills, often acquired through traditional apprenticeship rather than formal education (ILO, 1972). The general nature of traditional apprenticeship training features in the mode of entry, relationships and reciprocal exchanges (Haan, 2006) and these have implications on the outcomes of this form of training. An aspect of deprivation that features strongly in the literature of social exclusion relates to lack of access to formal education opportunities (see, for example, Bayram, Bilgel and Bilgel, 2012). Moreover, not possessing educational credentials limits access to job opportunities

(Vrooman and Hoff, 2013) and further prompt engagement in informal economic activities.

To understand the relationship between lacking access to formal education and choice of the IS, it would help for instance to demonstrate how the market mode of relations imposes limitations on individuals who wish to enter the FS. Reimer has listed the following conditions: "access to tradeable goods or services, adequate information about markets and prices, good negotiation skills, and a high level of mobility" (Reimer, 2004: P.79). Reimer further notes that in this form of relationship, to be successfully integrated individuals and groups are required to fulfil these conditions thus have fewer barriers to inclusion. These conditions depict institutional mechanisms that limit opportunities for operating in the FS by individuals with little or no formal education.

Looking at the conditions required under classical economics to successfully participate in market relations, it is obvious that a large segment of society, especially in less developed economies, would be excluded from participation. For instance, how it is difficult for the typical uneducated rural - based economic actor in Africa to have adequate information on markets and prices, as well as the required level of mobility to make a break in such complex market relations as they exist now. Ela (2013) considers formal education's relationship with the expansion of the IS significant enough to warrant formulating contemporary educational policies capable of dealing with IS-related problems and for reducing the size of the sector.

Beginning the analysis with exclusion from educational opportunities is deliberate since this appears to be a primary source of social exclusion that is linked to two other aspects of exclusion examined in this study that underlie the decision to engage in informal entrepreneurship. These are access to finance and business linkages. Examination of other aspects of exclusion/inclusion that influence the decision to engage in informal entrepreneurship would most likely point back to the role of formal education. First,

individuals' resource-disadvantaged circumstances may be directly linked to lack of education, which may limit their opportunity set for wealth creation generally. This argument leads to the second, which is that, lack of education limits people's ability to access formal sources of financing, especially for business start-ups (see Okhomina, 2007).

Access to business linkages is affected both by educational qualification and finance. Accessing productive rather than exploitative business linkages depends on the level of knowledge an individual possesses as business processes such as legal documentations, business/industry analysis, competitive business strategies etc. are important elements in gaining productive and beneficial business linkages (Schulenburg, 2006). Formal firms would most likely require business linkages that provide the most benefit, which implies that efficiency and expert knowledge are important requirements.

The link between business linkages and finance stems from the requirement for quality standards from FS firms desiring such business linkages. Providing the required quality standards is a function of how much resources are available to the individual or business entity (see Juan and Lin, 2018). Quality is linked to higher costs as it requires expenditure on research and development, appropriate machinery and equipment, quality materials and personnel etc. This analysis focuses on exclusion from access to finance, business linkages, and public services, in addition to formal education. The understanding already provided in the analysis of exclusion from formal education opportunities that exclusion from basic opportunities and rights exclude people from the FS and force them to the IS, already provides a basis for understanding these other three sources of exclusion. Thus, only a brief description of each would suffice.

Exclusion from Access to Finance and Engagement in Informal Economic Activity

Access to finance has serious implications in the decision regarding the choice between operating a business in the FS or IS. All businesses, irrespective of their size require

capital to start up, although this will differ with different types of business undertakings. Lack of access to finance represents a second layer of exclusion in this study's context. This could be because the individual's lack of education inhibits his access to formal sources of finance. This situation poses a challenge to potential entrepreneurs considering that mobilization of resources for the new venture establishment process and for its subsequent functioning is mandatory in the process of creating new businesses (Abubakar and Mitra, 2007).

The perspective on social exclusion that considers the exclusion of people from resources or assets (Copestake, 2006; Reimer, 2004) highlights the role of the state in providing opportunities for individuals to access the required financing to undertake business ventures. Ironically, most of the government interventions aimed at empowerment almost always turn out to become mechanisms for exclusion. In Nigeria, even the minimal interventions are often misplaced. For instance, a major criticism of the indigenisation policy is its exclusion of a large segment of the Nigerian population from participating in economic opportunities (Otoo, 2013; Bucheli and Decker, 2012; Olutayo, 1999). This is in spite of its supposed egalitarian objective of creating opportunities for Nigerians.

Ineffective design and implementation of intervention programmes aimed at promoting business start-ups and growth of existing ones often end up excluding the majority of the people. Jehoel-Gijsbers and Vrooman (2007) observed that government agencies responsible for discharging these functions could engender social exclusion through, for instance, unclear goal-definition and inefficient work processes. Most government intervention programmes in Nigeria are of the nature that exclude the majority of teeming population of unemployed and underprivileged who have more need for such intervention. In most cases, the programmes themselves are selfishly designed to benefit corrupt government officials at the expense of the vulnerable people in the society. Akinola (2017) has provided such evidence in his study. Based on his findings, Akinola concluded that

state officials abuse their positions by willingly, but sometimes unwillingly, conniving with politicians and elites to capture programme benefits (p. 173).

Because of such exclusion from access to formal sources of financial resources in SSA, and Nigeria inclusive, excluded people mostly rely on informal sources to fund business start-ups. As stated elsewhere in this study, one common source of informal financing in Nigeria is referred to as 'Esusu' (Iganiga, 2008). Because funds from such informal sources are usually too small to establish a sizable business venture in the FS, the IS often becomes more attractive because of the possibility of low transaction costs in this sector and the smallness of the capital outlay required in this sector. Moreover, by operating the business informally the individual aims to evade the binding financial obligations to the government, thus leverage the little available funds to remain afloat.

Exclusion Resulting from Lack of Access to Business Linkages and Business Support Services.

This third layer of social exclusion in this analysis relates to the need for business linkages and business support services. This level of social exclusion is directly related to exclusions that arise in the relationship between the FS and IS. Meagher (1995) has noted that interdependence between the IS and the FS in SSA is only pronounced in the area of backward integration and even this is based on exploitative relationships. However, one area where forward integration is gradually evolving, according to Meagher (1995), is in the distributive linkages with the IS. Xaba, Horn and Motala (2002) also observed that informal operators play a significant role in the value chain.

However, a major issue related to FS/IS linkages in the SSA and particularly Nigerian context is prescription of quality standards which is out of the reach of the majority of small and micro business operators. Yong and Ahmed's (2009) description of how a firm can be excluded from the market, although presented in a different context, nevertheless

finds relevance in this context. According to Yong and Ahmed (2009), a firm would be excluded from the market if it ought to adopt e-commerce by virtue of the demands of its operational environment, but is unable to do so. Similarly, a business may be operating in the IS for the simple reason that its inability to meet required quality standards disqualifies it from having productive networks and linkages in the FS.

For potential entrepreneurs, this also becomes an important consideration when deciding to establish a start-up business venture. Not having the required quality standard either to operate in the FS or if already forced to operate in the IS, to establish productive linkages with FS firms, an individual might just settle for a small informal business that targets informal consumer markets. One immediate consequence of this situation is that the objective of SMEs functioning as feeder industry (Mitra, Abubakar and Sagagi, 2011) is not achievable. Such glaring effects of social exclusion need to be empirically examined to establish in concrete terms these relationships.

Exclusion from Access to Public Services and Engagement in Informal Entrepreneurship

Certain public services are essential for successful operation of a business. When access to such services is limited or inhibited, then business operations could be stalled. Alternatively, individual persons or businesses could make arrangements to provide such goods/services for themselves. This substantially increases the cost of doing business (Obokoh and Goldman, 2016). Because of the interwoven nature of dimensions of social exclusion, certain categories of people in society are impacted more by the lack of access to basic public services. For instance, although, in the Nigerian context lack of access to some categories of public services is a factor that affects virtually every type of business and is not limited to small and micro enterprises, in reality, those vulnerable lot in the society would feel more of the impact.

How different entrepreneurs respond to this situation then becomes an interesting question. For some people, because other primary sources of exclusion such as formal education compound their exclusion, their ability to meet the demands of the FS may be more negatively impacted. For others, access to education which then increases their chances of access to financing could mitigate the effect of lack of access to certain public goods and services such as electricity and professional business support. Here is where some people find a basis to opt for informal businesses. Overall, lack of access to public services inhibits economic growth (Bamidele, Adenusi and Osunsanmi, 2015) and sustains the circle of poverty. Whereas those who can afford the cost end up providing for themselves such goods and services others who are primarily excluded and have no access to financial resources to provide for themselves such public goods and services turn to informal mechanisms to deal with these problems. Recognising how the poor particularly are impacted by this lack of access to public goods, Okojie (2009) advocates decentralization of public service delivery.

It probably is why there is a heavy reliance on informal business approaches in the IS such as the use of local and improvised technology. Also, serving local informal consumer markets means that the individual would not be much affected by the deficit of national road infrastructure just as small-scale activities may not require elaborate storage facilities and electricity. Obokoh and Goldman (2016, p. 2) assert that “...infrastructure development that links markets across countries faces political, institutional and economic challenges”. Indeed, Obokoh and Goldman (2016) have empirically established the negative impact of infrastructural deficit in Nigeria on the profitability and performance of SMEs in the country because of the cost of self-provisioning of infrastructure and distribution of finished goods.

In the context of this analysis, road infrastructure, electricity, public water supplies are important examples of such public services. Once again, the possibility of evading

financial obligations to the government by operating informally means that the individual can save such money for self-provisioning of what government fails to provide. While Lee and Anas (1992) empirically examined the various costs of self-provisioning of infrastructure, Bodea and lesBas (2014) actually found a strong relationship between the likelihood of adopting pro-compliance norms by urban Nigerians and lack of capacity of the state to provide public services. The sense in which lack of access to public services is considered a form of exclusion derives from the definition of social exclusion as denial of basic economic, political and social rights (Li, 2004). However, how individuals would respond to perceptions of social exclusion is likely to be majorly influenced by their personality characteristics or traits. This makes understanding individual personality traits of much value in this context.

3.4. Personality Traits

Personality trait is a strong determinant of what people do or decide to do. Psychological variables, therefore, are among the many variables that should be examined to investigate why people take certain decisions related to entrepreneurship (Mc Clelland, 1961). An individual's personality traits have been identified as an important predictor of the types of entrepreneurial ventures the individual can undertake successfully (Collins, Hanges and Locke, 2004). This section features the literature relating to the three personality characteristics considered most important in analyses of entrepreneurial behaviour. These are the need for achievement, risk-taking propensity, and locus of control (see Paunescu and Cantaragiu, 2012; Chell, 2008).

3.4.1. Need for Achievement

The theory of need for achievement was developed by (Mc Clelland, 1961). Individuals with the need for achievement are likely to be people who like to take personal responsibility for their performance, seek feedback about their performance, seek new and

better ways to improve their performance, prefer challenging work rather than routine tasks (Cromie, 2000). These characteristics speak of an individual who cannot be described as a necessity-motivated entrepreneur, as some informal operators are often tagged. To understand the basis of this assertion, it would be necessary to examine a specific dimension of the need for achievement. This relates to the need to be seen by others as an important person (see Martincova, Andrysova and Trubelíková, 2016; Smith, 2015; Siegle and Schuler, 2000, Cassidy and Lynn, 1989).

The Need for Importance

The need to be seen by others as an important person is a dimension of the need for achievement personality trait that motivates behaviour and potentially influences entrepreneurial decisions. Rudic, Matesic, and Stefanec (2016) related this personality trait to ambition and argued that prospects for advancement would possibly trigger this motivation. The desire to be seen as an important person can be achieved through successful entrepreneurship.

In contextualising this motivational trait, researchers have often described it in terms of important job positions that involve others having to look up to the individual; holding an important and influential position in the community; being admired because of one's achievements; having others come to the individual for advice etc. (Cassidy and Lynn, 1989). In the context of this study, the question relates to how this motivational trait would influence the decision of an individual to choose to operate in the IS. The description of this motivational trait tends to direct attention to issues of leadership and control which are on the other hand, descriptors of the need for dominance. Although, the main focus here is the individual's need for importance, because of the seeming blurred boundaries between it and the dominance motivation, a brief analysis of the dominance motivation would perhaps be helpful.

The Need for Dominance

Johnson, Leedom and Muhtadie (2012) posited that an individual high on dominance motivation is likely to emphasise activities that are aimed at obtaining the admiration and social attention of others, and that this trait would reflect in how such people define their life goals which are often extrinsic admiration. These goals, according to these researchers are defined in terms of fame and wealth. Fame and wealth are mechanisms for control. Thus, the need for dominance would be actualized through efforts that aim to achieve these ends.

Among the descriptors of dominance motivation according to Martincova, Andrysova and Trubelikova (2016, p. 239), citing Schuler and Prochaska (2011) is the desire to "control, manipulate or organize physical objects, human beings or ideas". Critical business decisions could, therefore, be influenced by the dominance motivation. This could also be the case in the context of the decision to engage in informal economic activity considering the implications of such mode of entrepreneurship.

The Need for Achievement and Engagement in Informal Economic Activity

The need for achievement as represented by status and dominance ideally should influence an individual to have a preference for large formal businesses. For anyone that wishes to be in a position where others would look up to and also be able to influence other people's behaviour, economic activities that are perceived as demeaning may not be appealing. Nonetheless, entrepreneurial activities provide a platform for anyone who is motivated to potentially climb the ladder of success. Meaning that even in the IS a motivated individual could ultimately achieve the need for importance and dominance.

According to Frey (1984), the theory of need for achievement motivation was related to economic development. Therefore, understanding its influence in the decision to operate in the IS can further help to answer the question regarding whether the individual is driven by

necessity or opportunity as these are related to distinct motives for choosing informal entrepreneurship. The voluntarists and rationalists' theory of informality posits that informal entrepreneurs are individuals who voluntarily enter the sector to pursue economic opportunities (De Soto, 1989; Maloney, 2004). Going by this argument, those who engage in informal economic activity are likely to be people who are motivated by the need for achievement.

On the other hand, if the IS consists of individuals who enter the sector as a survivalist strategy (as the dualists argue) then such entrepreneurs are not likely to be motivated by the need for achievement. It is reported that a greater proportion of informal operators in SSA region fall into the survivalist category (Meagher, 1995). Although, it is reasonable to think that a survivalist entrepreneur would not ideally be motivated into entrepreneurship by the need for achievement, however, such assumption would require support through empirical examination. Lopsided statistics of survivalist entrepreneurs as indicated by Meagher above may be erroneously interpreted to mean that individuals engaged in informal economic activity lack the need for achievement just because they operate at the subsistence level.

Other factors beyond the need to survive may have also influenced the individual in the decision-making context. This essentially is the reason this study investigates the informal entrepreneurial engagement decision context by examining psychological factors in combination with social exclusionary factors and institutional voids. Moreover, an alternative argument exists, which holds that rather than think in terms of a necessity-opportunity dichotomy, informal entrepreneurship motivation should be viewed as a process or continuum, and that individuals may have both necessity and growth motivations at the same time (see for example, Vehuel et al, 2010; Block and Koelinger, 2009). This means that an individual who was forced into the IS by the need to survive may have also reasoned that on the long term he or she would launch the business beyond

the survivalist level because of the influence of the need for importance or dominance that the individual strives to achieve.

Matricano and Sorrentino (2014) have elaborated on how *pull* and *push* factors respectively represent a means of identifying opportunity and necessity entrepreneurs. Among such pull, factors indicated by Matricano and Sorrentino are the need for achievement and the desire to be independent, as well as social development possibilities. Citing Giacomini et al. (2011), Matricano and Sorrentino add that, "Through the exploitation of an entrepreneurial opportunity, they [opportunity entrepreneurs] aim to increase income, be autonomous, create their jobs, have no boss and develop new products/services or processes" (p.3).

Al Mamun et al. (2016) suggest a positive relationship between micro-entrepreneurs' need for achievement and experience and the performance of their micro-enterprises. This suggests that micro entrepreneurs can be distinguished by those that have high achievement motivation and those who are not motivated by the need for achievement. As aforementioned, an individual may be motivated both by the need to survive as well as the need to grow his or her business all at the same time. Jagacinski and Duda (2001) are of the opinion that human beings all have a need for achievement, although the extent of such need would differ from one individual to another. What this suggests is that even those that are categorised as necessity entrepreneurs may at the same time have the need for growing their business, even if the current situation prevents them from openly expressing this need.

3.4.2. Propensity for Risk-Taking

Risk-taking propensity is a behavioural dimension of an entrepreneurial orientation along which opportunity is pursued. Morris and Sexton (1996) view risk-taking as involving the willingness to commit significant resources to opportunities having a reasonable chance of costly failure with calculated and manageable risks. Coulter (2001) on the other hand

describes risk-taking as relating to those conditions in which the decision-maker estimates the likelihood of certain outcomes or assigns probabilities to outcomes. Yates and Stone (1992) on their part define risk-taking as the degree of uncertainty and potential loss which may follow from a given behaviour or set of behaviours. The first definition (by Morris and Sexton) does not portray the majority of informal modes of entrepreneurship as involving risk-taking. This is because most informal businesses do not involve committing significant human and material resources.

Webb et al. (2014) consider participation in the IS as an entrepreneurial process of opportunity recognition and risk-taking. They argue that the willingness on the part of informal operators to take the risk of operating outside the law to pursue opportunities which are socially acceptable should be acknowledged as risk-taking. Street vendors in Nigeria for instance risk operating under very hazardous conditions to fill a void in needs which the formal market institutions either neglect or are not proactive enough to recognise. Describing IS risk in this context as hazardous stems from the nature of the environment of operation of these informal businesses. Because government officials often perceive informal economic activity as illegal, operators stand the risk of arrest, confiscation of goods etc. A major example is producing and selling items such as sachet water which help to provide such products at units and prices that those in the lower economic rung can afford (Mohammed, 2014). This is often done informally without official registration with the consequent quality concerns. Business activities such as this normally leave operators at the mercy of corrupt government officials capable of actions very detrimental if the individual is not able to meet their corrupt demands.

Yates and Stone (1992), following from their definition, have identified three elements of the perceived risk construct including potential losses, the significance of those losses, and the uncertainty of those losses. Similarly, Bird (1989) classifies risks into four categories that relate to entrepreneurs -economic risk, risks in social relations, risk in career development, as well as psychological and health risks. This classification scheme is

important in this context. For instance, exiting an FS job to set up a business in the IS may in some instances involve giving up career development opportunities with which the individual would probably have been better off, especially with the risk of failure of the informal business. Also, because informality is characterised as lacking protection, including health insurance, opting for the IS may mean putting one's health and resources on the line (Carr and Chen, 2004). In many IS contexts, it is common for environmental and other law enforcement officers to confiscate goods belonging to traders such as street vendors as these are considered to be violating the law.

It is likely that engaging in economic activities of a certain low scale and low prestige can clash with an individual's desire to be accepted by his or peers or negatively affect self-esteem and status aspiration. This implies that informal economic activities of the type that are often regarded as motivated by the need to survive would produce feelings of inferiority complex. This is a state of disequilibrium which individuals would normally seek to avoid. Viewing engagement in such dimensions of informal economic activity from this perspective tends to highlight the psychological risk involved. As a consequence of a certain undesirable psychological state, an individual may also develop health problems. Beyond psychologically induced health problems, other factors inherent in such informal economic activities represent potential health hazards. For instance, operators in the IS are believed to operate under conditions that are often unhealthy and therefore pose a serious health risk.

The theory relating to risk in entrepreneurship is extensive and has been developed following relevant academic debates and research. On the bases of the existing theory, risk-taking has been conceptualized as a construct representing dimensions along which an individual is believed to have access to entrepreneurial opportunities and take a given decision. Risk-taking as a trait associated with an enterprising person is calculated risk (Caird, 2013: p.6). It would seem that also in the context of engaging in informal economic activities; individuals would normally count the costs of doing so. For instance, before the

decision to engage in street vending, the individual would already be aware of the various risk factors associated with this type of economic activity.

The consensus on risk-taking as an unbridled denominator for measuring an individual's entrepreneurial orientation has recently come under serious challenge. In other words, recent research evidence tends to suggest that entrepreneurs may not necessarily have a greater risk-taking propensity than non-entrepreneurs. Instead, it is suggested that it is the risk perception in the new venture decision situation that influences the decision (Brockhaus 1980; Palich and Bagby, 1995). Palich and Bagby have argued that entrepreneurs' decision making in any given situation is likely to be the same if both categories of actors perceive the situation alike as one being dominated by strengths and opportunities.

Simon, Houghton and Aquino (1999) find evidence in their study which confirms the above proposition and further state that susceptibility to cognitive biases makes an individual perceive less risk in the decision situation. Although they have referred to the inference from their study's findings as tentative, they nevertheless consider the findings as suggesting that "individuals start ventures because they do not perceive the risks involved, and not because they knowingly accept high levels of risks". The implication is that an individual may unknowingly accept a high-risk venture because he or she believes it is associated with low risk.

3.4.3. Locus of Control

The idea of locus of control was developed from Rotter's (1966) social learning theory (Rauch and Frese, 2000). The concept was initially described as internal locus of control (ILOC) and external locus of control (ELOC) respectively by Rotter. Rotter (1966) developed the concept, and since then, other researchers and scholars have further developed and refined the ideas beyond the original postulations of Rotter. Rotter's locus of control was the idea that individual differences exist in people's expectancy about

reinforcements in life. Thus, whereas some people believe that their life events are under their control, there are others who believe their life events are determined by powerful others, luck and fate (Spector and Goldstein, 2000). These life events are defined in terms of reinforcements.

It is a view that people with internal locus of control believe in the personal control of their destinies. External locus of control, on the other hand, implies the belief that events in people's lives are controlled by factors external to the individual (see April, Dharani and Peters, 2012). Therefore, an individual with an external locus of control is likely to consider factors that are external to him as explanations for the events of his life while one with an internal locus of control is likely to look within himself for answers. Here also, the two opposing arguments - voluntarism versus necessity - come into play. Individuals who have an internal locus of control are more likely to take on a particular mode of economic engagement, and may voluntarily choose between informality and the FS based on a cost/benefit analysis.

For instance, an individual may choose to exit from a FS wage-employment to start an informal business that may even provide lower earnings just so he can enjoy the satisfaction of being in control of his affairs (Maloney, 2004) and because he believes he has the ability and would be able to manage a private enterprise. This argument fits the description of internal locus of control as “the extent to which a person feels in charge and in control of the events in his life” (Simpeh, 2011). Individuals with an external locus of control, on the other hand, are likely to be motivated by push factors such as loss of a job in the FS, lack of access to capital, and other institutional and social constraints perceived by the individual as limitations to participate in the FS (Ronnas, 2013).

The factors or causes that give rise to specific behavioural reinforcements are considered to be either stable or unstable, and determine whether an individual would be willing to put in more effort or not. Where present success is attributable to a stable cause or factor (either ability or easy task), then the individual will more likely be confident of successful

outcomes. Present failures, on the other hand, are believed to be caused by unstable factors, in this case, bad luck. When an individual believes that the failure is as a result of a stable factor, then the individual is not likely to undertake the task in question based on the reasoning that future efforts cannot possibly yield a better result (Frieze et al., 1971). Thus, given the choice between operating business in the FS and small business in the IS, a person who attributes positive outcomes to luck would most likely choose the IS because of the lower risk factor. The opposite is likely to be the case for those who attribute outcomes to their efforts.

Marks (1998) observed that for individuals with an external locus of control, changing behaviour is not something that is undesirable because they do not associate changing their behaviour with alteration of reinforcements. In other words, they have developed a belief system which makes them think their future efforts are not capable of producing positive or desirable outcomes because of their past failures. As a consequence of this belief system, 'externals' (as such individuals are often referred to) even in the case of positive reinforcements, would often attribute it to luck, fate, or powerful others.

Ziemkiewicz et al. (2011) has stressed locus of control's association with significant practical outcomes in various situations. In business and entrepreneurship, locus of control measures have been used in studies aimed at determining their effect on business survival and growth. Other studies have attempted to distinguish between managers and entrepreneurs using locus of control measures (Zahed and Shirazi, 2015). Wheatley (1988) considers locus of control as being important to behavioural situations in business management. This stems from the fact that persons who score high in internal locus of control would more likely exhibit entrepreneurial qualities needed for a business to survive and grow when compared to persons with an external locus of control. Esnard-Flavius (2010: p.21) reinforces this argument citing Ward's (1993) findings.

Ward argues that “persons with an internal locus of control tend to be proactive in dealing with associated entrepreneurial risks by estimating the probability of business failure and adjust the activities of their business accordingly”. Borchers and Park (2010) similarly observed that entrepreneurs are people who rather than attributing success to fate, luck, or other powerful, external forces or persons, instead believe in themselves. Borchers and Park (2010) further stressed that entrepreneurs take personal responsibility for their failures accomplishments, believing that none else but themselves have control and influence outcomes. Borchers and Park (2010) believe that this trait is not undesirable, so long as it does not lead to overconfidence, arrogance, or lack humility.

Locus of control is widely recognised as a personality or psychological trait that predicts an individual’s entrepreneurial orientation (Schjoedt and Shaver, 2012; Perry, 1990). Highlighting relevant characteristics of entrepreneurship and self-employment such as optimism, problem-solving, environment of uncertainty, and unforeseen contingencies, Bonte, Lombardo, and Urbig (2017) concluded that such characteristics fit more into the qualities of individuals with an internal locus of control. On the other hand individuals with an external locus of control have been described as relatively passive and unproductive in the way they demonstrate actions and choices (Bonte, Lombardo, and Urbig, 2017; Robbin, 2005).

With informal entrepreneurs specifically, the influence of locus of control at the moment can only be speculated since research on the relationship between personality traits and entrepreneurship appears not to have extended to the domain of the IS just yet. Nonetheless, the characterisation of the IS by ILO (1972) depicted operators in the sector as individuals that are not likely to have an internal locus of control. Ironically, ILO (2002) changed their description of the IS to a sector in which most operators show “real business expertise, ingenuity, enthusiasm and novelty” (p. 54).

If this later depiction of the sector is correct, then informal entrepreneurs are likely to have an internal locus of control. Moreover, being referred to as “independent” (Hartati et al., 2015), informal entrepreneurs should ideally be individuals who are internally motivated. This added to the fact that characteristically, informal entrepreneurs tend to rely less on external business support, strongly suggest that they are likely to have an internal locus of control. Profiling entrepreneurial qualities against the dimensions of ILOC in this manner helps to appropriately bring into focus how we can potentially understand where informal entrepreneurs are situated along the locus of control continuum.

Summarily, individuals’ personality traits, as shown in this analysis of three personality dimensions, have been seen to be important influences in the decision context to engage in informal entrepreneurship. Thus, the relevance of personality trait theory in the study cannot be disputed. A further step in contextualising the three theories in the study would require integrating all three theories into a conceptual model for the study. This is presented below as Figure 3.2.

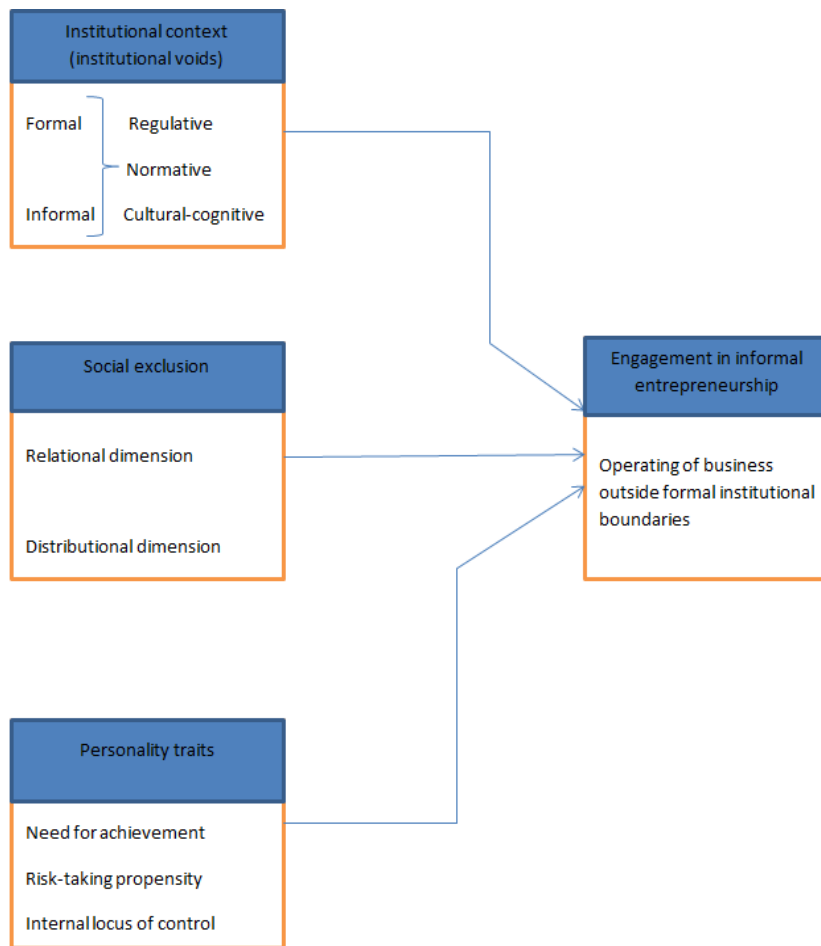


Figure 3. 2: Conceptual model of the study

This model is essentially a conceptual representation of the schematic depiction of the three theories constituting the theoretical frame of the study as shown in figure 3.1 at the introductory section of this chapter. Essentially, this model draws from all the elements of the three theories as elaborated in figure 3.1, but for the sake of simplicity and avoidance of duplication, only the overarching elements that describe each of the theories are incorporated in this conceptual model.

Thus, the institutional context characterized by voids as shown in this model relates to the specific dimensions of institutional voids described in figure 3.1. However, the institutional context is better understood when the frameworks

developed by North (1990) and Scott (1995) are used. Therefore, in this model, the institutional context is depicted as encompassing the formal and informal dimensions (North, 1990) and the formal, normative, and cultural-cognitive dimensions (Scott, 1995). Similarly, the specific social exclusion elements as elaborated upon in the schema presented as figure 3.1 are all encapsulated in the two overarching dimensions shown in this model. These overarching dimensions are relational dimension and distributive dimension. For the personality trait theory, the same elements appear in both schemas and is therefore straightforward.

3.5. Summary

Theories are delineated in research studies as lenses through which the researcher can examine particular questions of interest in the study. The evidence from IS literature tends to suggest that understanding the IS phenomenon defies the use of a single theoretical lens and because this study examines three distinct questions that each require a distinct theoretical basis, using a framework that combines the relevant theories related to each question has been considered the best approach. To that extent, therefore, three theoretical frames are used as the bases for investigating the underlying factors for engaging in informal economic activities. These are the institutional theory, social exclusion theory, and personality trait theory.

Institutional theory is used to examine how institutional factors potentially explain the behaviour of engaging in informal economic activities. Social exclusion theory was considered a useful theoretical lens on the assumption that when people perceive that they are excluded from political, social and economic rights, then these could influence their

decision to engage in informal entrepreneurship. On the other hand, individual personality traits have long been known to influence behaviour generally including entrepreneurial behaviour. Therefore, the assumption, here again, is that the decision to engage in informal entrepreneurship would have a significant relationship with the individual's personality characteristics. All the issues that have been raised from chapter one up to this point are necessarily leading to achievement of the underlying purpose of this research study. To achieve research objectives, however, appropriate methodologies suited to the research situation must be adopted. Therefore, the next chapter addresses the methodological issues in the study.

Chapter Four: Methodology

4.1. Chapter Overview

This chapter considers the various research designs and philosophies and ultimately specifies the preferred (deemed most appropriate) ones. The chapter begins with an examination of the connection between research philosophies/paradigms and the research objective(s) as well its process. That is, it relates to the theoretical underpinnings of the research methodology. This is followed by research approach, and it involves considering the differences between qualitative and quantitative research approaches and justification of the adoption of the qualitative approach in this study. After the research approach, the research design is next considered – analysis of the survey and case study designs is done to determine the most suitable design for this study. The next section looks at the individual research strategies such as sampling strategy, data collection methods, data analysis etc.

4.2. Research Philosophies/Paradigms and the Research Process

The methodology adopted in conducting any research endeavour is a critical part of the research process and it inherently determines the value of the research effort. This is because the methodology is determined by the particular needs of the research as reflected in the problem statement and literature review. Thus, understanding research methodology is considered very important for researchers generally. Hussey and Hussey (1997) have distinguished between “methodology” and “method” in the research context. According to them, while the methodology refers to the overall approach taken, including the theoretical basis upon which a researcher stands, the method, on the other hand, refers to the overall means used to collect and analyse data. The different parts or steps in the research process are set out logically to constitute the research methodology.

The relationship between the methodology and research philosophy lies in the fact that methodology of the research would normally be based on a particular philosophical underpinning. The descriptors often seen in the literature for alternative research paradigms/philosophies are often used in a manner that creates a lot of confusion for early researchers (Easterby-Smith, Thorpe and Jackson, 2008). Terms used to describe research philosophies are in most cases expressed without any indication of the different levels of categorisation. For instance, Schwandt (2001, p.294) made such a blanket use of the term “philosophies” in an attempt to describe research assumptions which tend to reflect at the same time the ontological, epistemological and the methodological levels of analysis. Although, it must be acknowledged that it is sometimes quite difficult to explicitly reflect particular levels of use of the term since ontological and epistemological assumptions and the appropriate methodologies are often interwoven. In this chapter, the phrase "research methodology and design" has been used first to describe the overall research plan and the underlying philosophy.

Burrell and Morgan's (1979) scheme for analysing assumptions about the nature of social science show the four assumption domains (ontology, epistemology, human nature, and methodology) as they each relate to each of the two research streams – the objectivists and subjectivists research streams. Thus, in terms of ontology, the objectivists are inclined to realism in approaching social science research while the subjectivists are inclined to nominalism. The epistemological assumptions of the objectivists make them hold on to positivism whereas the subjectivists' standpoint is anti-positivism. With respect to assumptions about human nature, whereas the objectivists believe in determinism, the subjectivists, on the other hand, believe in voluntarism. Finally, the methodology assumptions also pitch the objectivists against the subjectivists in terms of what is considered appropriate means of carrying out an investigation of various phenomena in the social sciences. For the objectivists, nomothetic approaches are considered as making more

sense while the subjectivists adopt ideographic approaches. In the next section, each of the alternative research philosophies would be specifically examined in further details.

4.2.1. A Critical Analysis of Alternative Philosophical Positions

Reality can be interpreted from different perspectives, thus informing the differences in research design (Babbie, 2005; Cooper and Schindler, 2014). In the social sciences, these perspectives have given rise to a number of philosophical paradigms that determine particular approaches that may be adopted in any research effort (Creswell, 2009). Prominent among these paradigms are, positivism, realism, pragmatism and, interpretivism (Aliyu et al, 2014; Saunders, Lewis, and Thornhil, 2009). These paradigms represent how we see the world and interpret different phenomena (Cooper and Schindler, 2014). As earlier pointed out, each paradigm incorporates arguments and assumptions regarding both the ontological and epistemological issues relating to research. Krauss (2005) argues that understanding the differences in epistemology among research paradigms begins primarily as a philosophical exercise.

The approach adopted here involves analysing each point of debate about the ontological and epistemological dimensions of research comparing the point of views representing each of the paradigms or philosophies described above. That is, analysis of their merits and demerits, appropriate research conditions favouring a particular philosophical position, as well as the arguments presented in favour or against each of the paradigms, would form the basis for deciding on the most appropriate philosophical position to adopt for the study.

Following Cutcheon and Jung's (1990) articulation of the basis upon which both the ontological and epistemological assumptions are related, the analysis will focus on the following five major points: (1) nature of reality (2) the relationship between knower and the known (3) the nature of understanding (4) the role of value in research and (5) the purpose(s) of research. In other words, beliefs and assumptions about each of these five ontological and epistemological dimensions would be examined as they form the basis for

the different philosophical positions that underpin research activities. The assumptions and beliefs about each of these dimensions for all the four philosophical viewpoints described above would be examined. We proceed to examine the four paradigms mentioned above beginning with the positivist paradigm.

The Positivist Paradigm

The positivist perspective is based on the notion of explanation of the social world in terms of causal relationships (Bazeley, 2004). The emphasis, therefore, is deductive and quantitative approaches involving hypothesis development from existing theory (Junk, 2011). The ideas that are approximated as positivism could be linked to Comte's ambition of launching a stage in history in which science would replace theology and metaphysics, and where knowledge would be based on the five senses rather than on belief (Babbie, 2005).

Krauss (2005) makes reference to Kolakowski's (1972) definition of positivism as embracing a four point doctrine that consists of, (1) the rule of phenomenalism which asserts that there is only experience: all abstractions, be they "matter" or "spirit" have to be rejected; (2) the rule of nominalism – which asserts that words, generalisations, abstractions etc. are linguistic phenomena and do not give new insight into the world; (3) the separation of facts from values; and (4) the unity of the scientific method. All of these cardinal doctrines of the positivist viewpoint are reflective of the quantitative research tradition and these points of distinction from the qualitative approach are appropriately laid out in a subsequent section.

Standardised processes are used to collect observable and measurable data because the process ought to emphasise separation of the observer from the entities to be observed. A hallmark of this viewpoint is the need for the process to be value and context-free. Some writers (e.g. Morgan, 2007) have suggested that this paradigm should be more

appropriately called 'logical positivism' since – as Morgan argued – positivism “largely served as a label that the advocates of Qualitative Research used to summarise the conventional approach to Qualitative research” [...] “it is worth noting that it [emphasis on the term positivism] corresponds to a larger use of “positivism” as a label to characterise what critics considered to be outmoded thinking across a range of academic disciplines”(Morgan, 2007, p.56).

Krauss (2005) observed that the basic difference between the “conventional” positivist belief system and that of the “naturalist” or constructive system in terms of epistemology is that the former is essentially objectivist. The observer can detach himself or herself from the reality that is being studied. Assumptions about the nature of reality are core ontological assumptions, and the positivist viewpoints are the extreme opposite of the interpretivist viewpoints. While the positivists argue that there is a single, measurable and fragmentable reality, the interpretevists, on the other hand, hold the view of multiple realities which can only be socially constructed and be understood holistically (Cutcheon and Jung, 1990). The idea of the existence of universal laws, objectivity and neutrality in research are hallmarks of the positivist viewpoint (Johnson, 1994).

Krauss (2005) emphasised that the positivists are grounded in the quantitative measurement of independent facts about a single apprehensible reality. Making reference to Healy and Perry (2000), Krauss argued that this is akin to viewing the world as a “one-way mirror”. Krauss further stated that the positivists simply consider the goal of science to be just sticking to what is observable and measurable. Trochim (2000) even paints this picture in a manner that is perhaps intended to be indicting regarding this view of the positivists. According to him, the positivists insist that as long as a phenomenon is unobservable and incapable of being measured, then knowledge of such a phenomenon is impossible to attain. Chalmers and Altman (1999) for instance have maintained the position that science as knowledge deriving from sense perception is too simplistic.

The Interpretivist Paradigm

In this study, the label interpretivism and constructivism are used interchangeably. In the literature of research theory, how interpretivism and constructivism are understood and used tend to differ among scholars (Schwandt, 1998). While few scholars such as Schwandt (2005) have attempted to distinguish between the two labels, most scholars however, treat the two terms as one or use the terms interchangeably (e.g. Ponterotto, 2005; Thanh and Thanh, 2015). It is understandable that most scholars choose to use the two terms interchangeably since there is very little difference between them. Those who treat the two terms as one, always place them side-by-side in their writings. Thus it is common to find writers using headings such as ‘.....interpretivist/constructivist ...’ when they describe research paradigms.

This seeming lack of clarity in the use of these terms can be attributed to the strong similarity between them mainly because they share a common history (Chen, Shek and Bu, 2011) and heritage (Schwandt, 1998). This makes describing the two constructs individually appear like duplicating the description of the same idea. Attempts at distinguishing between these two labels are often focused on the different perspectives, which constitute the constructivist/interpretivist paradigm (see Schwandt, 1998 for example). Because of the proliferation of these perspectives and the attempts to integrate some of the perspectives, there are numerous overlaps among the constitutive perspectives that collectively describe constructivism and interpretivism.

Therefore, delving into the discussion of the various ramifications of constructivist and interpretivist perspectives, in attempting to disentangle them, would lead to unnecessary details and philosophical debate that goes beyond the scope of this study. Indeed, Schwandt (1998), while attempting to disentangle the two labels – constructivism and interpretivism – at the same time acknowledged the risk involved in attempting to draw too fine a distinction between the two. He therefore concluded that the exercise was somewhat

artificial. Chen, Shek and Bu (2011) also observed that the two terms are often used equally because of the diverse versions existing in the literature.

Saunders, Lewis, and Thornhil (2012; p. 142) describe interpretivism as “the way we as humans attempt to make sense of the world around us”. Converse to the positivist principles, the interpretivists link the understanding of social reality to the subjective meanings of participants in the study (Bazeley, 2004). Value and context-free generalisations are considered unattainable (Denzin and Lincoln, 2003). The interpretivist paradigm is qualitative research-oriented. Social science, which is basically about people and their institutions, is generally considered to be different from the natural sciences (Koch, 1994). On the basis of this argument, therefore, and the understanding that research approaches between the two spheres of science disciplines cannot be the same, the interpretivists researchers use inductive theory construction. This is discussed in the next section.

The ontological assumptions of the interpretivists also make them to be described as relativists. For instance, Guba and Lincoln (1994) describe the ontological position of the interpretivists as one in which realities “are apprehendable in the form of multiple, intangible mental constructions, socially and experientially based, local and specific in nature (although elements are often shared among many individuals and even across cultures), and dependent for their form and content on the individual persons or groups holding the construction” (pp.110 – 111).

Guba and Lincoln (1994) add that constructions are not more or less “true”, in any absolute sense, but simply more or less informed and or sophisticated. Also, constructions are alterable as are their associated realities. From an epistemological standpoint, the constructivists are transactional and subjectivist. It is in this sense that for the constructivist or interpretivist, meaning is ultimately the outcome of a process of co-construction involving the researcher and the participant. Also, it is this transactional and

subjective position taken by the proponents of this paradigm domain that Ponterotto (2005) meant when he argued that, “the dynamic interaction between researcher and participant is central to capturing and describing the “lived experience” (*Erlebnis*) of the participant” (p. 131).

Burrell and Morgan's (2005) categorisation of the interpretive paradigm and approach to social science as tending to be nominalist, antipositivist, voluntarist and ideographic, is a depiction of the stance of the interpretivists as they respectively relate to the ontological, epistemological, human nature and methodology philosophical dimensions upon which the various research philosophical paradigms are built. Taking a nominalist position would imply that a researcher subscribes to a subjective view of reality. This also means that he or she could be described as a relativist, since for such an individual there are multiple interpretations of reality (Dieronitou, 2014). As, already mentioned in the preceding paragraph, the interpretivists or constructivists see the relationship between the researcher and the study participant as one that involves mutual interactions that result in socially constructed meanings. This is obviously an anti-positivist philosophical stance, and it emphasises interpretation of meaning from the direct experience of individuals.

Again, this leads to beliefs about human nature in relation to his environment, with the constructivists or interpretivists taking the position of voluntarism or the free will of human actions as opposed to determinism. The impact of all of these on methodology is belief that the constructivist/interpretivist would immerse himself/herself in the world of the research subject(s) in an ideographic or dialectical process of understanding the context and interpretation of meaning from an individualistic and contextual standpoint. The dialectic exchanges between the researcher and the subject(s) ensures inter-subjectivity and mutual understanding that can be related to the context and value-laden emphasis of the interpretivists (Chen, Shek and Bu, 2011). This (ideographic approach) is an emphasis on detailed, very descriptive, and in-depth knowledge of individual cases rather than

looking for general patterns or universal laws that make for generalisation (Ponterotto, 2005). This therefore, highlights the place of case studies under this tradition.

The interpretivist paradigm also relies on hermeneutical tradition as a valuable methodological approach (Guba and Lincoln, 1994; Burrell and Morgan, 2005). This is simply a methodological emphasis that aligns with the social construction of meaning, which is the position of constructivists or interpretivists researchers. Guba and Lincoln argued that “The variable and personal (instrumental) nature of social constructions suggest that individual constructions can be elicited and refined only through interaction between and among investigator and respondents” (Guba and Lincoln, 1994, p. 111). They elaborate that researchers use conventional hermeneutical techniques to interpret these different constructions which are further compared and contrasted through dialectical interchange. A final construction emerges thereafter with a consensus construction that follows the process of comparing, contrasting and matching the initial constructions. The resulting construction is considered more informed and sophisticated. This highlights the theory building process earlier mentioned.

Creswell (2003) articulated the arguments of Neuman (2000), Swandt (2000), Lincoln and Guba (2000, 1985), Crotty (1998) and Luckmann (1967) relating to the social construction of meaning. Creswell (2003) summarised the assumptions he identified from the works of these scholars thus: “that individuals seek understanding of the world in which they live and work. They develop subjective meanings of their experiences – meanings directed toward certain objects or things. These meanings are varied and multiple, leading the researcher to look for the complexity of views rather than narrowing meanings into a few categories or ideas. The goal of research, then, is to rely as much as possible on the participants’ view of the situation being studied”.

Reality from the standpoint of the interpretivists is also time-and context dependent (Villiers, 2005). This is quite the opposite view of the positivists since they (the positivists)

see reality as fixed and existing as a given, to be discovered. Lauckner, Peterson, and Kruper (2012), citing Charmaz (2006) argue that meaning is constructed by people out of the events and experiences of their everyday living, thus, constructing their own realities.

Whereas the positivist standpoint is that the knower (researcher) and the known (subject/object) are separate and ought to have such a distance, the interpretivists on their part believe that the knower and the known cannot be separated but rather are interrelated and dialogic in their relationship (Cutcheon and Jung, 1990).

According to Cutcheon and Jung (1990), with the positivists, events are explained in terms of real causes or simultaneous effects. This position differs from that of the interpretevists who argue that events are understood through active mental work, interactions with external contexts, transactions between one's mental work and the external context. The following text coming from Krauss (2005), quoting Lythcott and Duschl (1990), succinctly describes the process by which individuals construct meaning, from the interpretivists ontological and epistemological standpoints.

People impose order on the world perceived in an effort to construct meaning; meaning lies in cognition not in elements external to us; information impinging on our cognitive systems is screened, translated, altered, perhaps rejected by the knowledge that already exists in that system; the resulting knowledge is idiosyncratic and is purposefully constructed (Krauss, 2005; p. 760).

The emphasis on meaning in the interpretivist tradition, and how this makes interpretivism as a philosophical stance different from other viewpoints, especially the positivist viewpoint, is further highlighted by Schwandt (2001: p.296). He has argued that “what distinguishes human (social) action from the movement of physical objects is that the former is inherently meaningful”. Thus, critics of positivism argue that rich insight into the complex nature of the world is lost by reducing such complexity to a series of law-like generalisations (Saunders, Lewis, and Thornhil, 2012). Reacting to Comte's assertion that

society can be studied objectively and rationally, Babbie (2005) pointed out that positivist social scientists have sometimes erred in assuming that humans will always act rationally.

Saunders, Lewis, and Thornhil, (2012) have highlighted the place of values in the research process. They emphasise that the role that the researcher's own value plays at the different stages of the research process is so important as to affect the level of credibility of the research results. From the standpoint of the positivists, research should be value-free, but the interpretivists believe that research is value-laden or value-bounded. As Smith (1983) argued, complete objectivity in research is unachievable. In the interpretivist tradition, the researcher is believed to be involved with the research participants in co-constructing meaning.

Krauss (2005) describing the approach to research from the interpretivist viewpoint notes that researchers within this tradition immerse themselves in the phenomenon they are studying because they consider this the best way to understand the phenomenon. This is typically done by moving into the culture or organisation being studied thus experiencing and having a feel of what it is like. The overriding point is the fact that studying of human phenomena is never the same as the case of studying inanimate objects. This means that approaching research in the two contexts ought to differ.

The Realist's Paradigm

Realists view meanings as fixed entities. Unlike the interpretivists who believe that multiple realities exist, the realists argue that there is only a single reality with multiple perceptions of that reality (Perry, Riege, and Brown, 1999). Although they reject the positivist argument that the researcher is separate from the research process, they maintain that the researcher must be objective all through the process. Krauss (2007), citing Healy and Perry (2000) argued that the realism paradigm is both having elements of the positivist

viewpoint and that of the constructivist paradigm. Krauss has on this basis insisted that this paradigm fits into both qualitative and quantitative research traditions.

This middle position of the realist viewpoint can be seen in their belief about reality. Whereas the positivists hold on to the belief that there is just one single concrete reality, and the interpretivists counter this with their position of multiple realities, the realists believe that a single reality exists just as the positivists believe. On the other hand, they believe that there are multiple perceptions about this single reality which is also mind-independent (Healy and Perry, 2000, cited in Krauss, 2005). Krauss concludes therefore that “the reality embodied realism is thus one extending beyond the self or consciousness, but which is not wholly discoverable or knowable (Krauss, 2007: p. 761). Further to this, realists are opposed to the positivist value-free and interpretivists value-laden positions on how we come by knowledge, choosing rather to be value cognisant. That is, the realists take the position that perceptions cannot always be stable and reality and people’s perception of reality often differ. Therefore, realism rest on a research tradition that is conscious of the values of human systems and of the researchers.

Patil and Giordano (2010) criticise realism as a philosophical position. Their criticism is based on the viewpoint of the proponents of realism regarding the functioning of the mind and the brain. Patil and Giordano are critical of the realist idea that the mental realm does not exist separately from the physical, thus suggesting that realism rejects the dualism theory of the mind and brain. Similarly, Sobh and Perry (2006) in describing the view of the realist about reality, made an attempt to relate it to a real-life context in marketing. According to them, “A person’s perceptions are a window on to that blurry, external reality. Realism refers to this external reality as consisting of structures that are themselves sets of interrelated objects, and of mechanisms through which those objects interact. For example, a realism researcher considers a buyer and a seller are “objects” that interact, and their interaction is not merely the creation of someone’s imagination” (p.1199).

Pragmatism Paradigm

Studies that adopt both the qualitative and quantitative methods in collecting, analysing data and reporting of the research findings, are normally rooted in the pragmatism philosophical base. A researcher would follow this approach in an attempt to fit together the insights provided by both quantitative and qualitative research into a single framework that is appropriate for solving research problems (Johnson and Onwuegbuzie, 2004). For instance, it satisfies the need to combine objectivity (through theory testing) and the subjective meaning about the study variables from participants' point of view (Babbie, 2005; Bazley, 2004; Olsen, 2004). In other words, the pragmatism basis warrants a research design that permits formulating hypotheses about the phenomena under investigation from existing theories and statistically testing such hypotheses in order to confirm, extend, or reject the theory or part of it (Aliyu et al, 2014; Bazeley, 2004; Burrell and Morgan, 1979). This represents an objective approach to understanding social reality.

A major feature of the pragmatism research paradigm is its flexibility, which permits research designs that balance objectivity with the need to accommodate a study's participants' subjective interpretation of meaning relating to a particular phenomenon under investigation (Denzin and Lincoln, 2003). Johnson and Onwuegbuzie (2004) recommend pragmatism as the philosophical partner for the mixed method research approach. What this means is that there is compensating of the shortcomings of one method by the other (Babbie, 2005). Pragmatism as a research paradigm represents a middle position in relation to the other philosophical viewpoints. For instance, with respect to nature, adhering to pragmatism implies that there ought not to be a commitment to any one particular system of philosophy or reality. At the same time, researchers in the pragmatic tradition do not see the world as an absolute unity (Creswell, 2003).

The pragmatists consider truth simply as 'what works' at the time. That is, they do not subscribe to the idea of truth based in a strict dualism between the mind and a reality

completely independent of the mind as argued by the interpretivists, realists and the positivists (Creswell, 2003). Creswell further made reference to Tashakkori and Teddlie's (1998) and Patton's (1990) suggestion that emphasis ought to be on the problem in social science research, as knowledge of the problem can thereafter come from the use of multiple approaches of inquiry. He argued that knowledge claims for many pragmatists is something that is considered to emanate from actions, situations and consequences. Writers such as Creswell (2003), Onwuegbuzie (2002), among others have very strong claims about the virtues of the mixing methods as a hallmark of pragmatism. Nevertheless, several other scholars have warned against the approach of mixing methods. They have argued for instance, that mixed methodologies have the tendency to produce a 'diffused picture'; mixed methods are not appropriate because methodologies differ in philosophical underpinnings, traits and aims; and mixed methods lack consistency and adequacy in analysis (see for example Clarke, 1995, Leininger, 1992).

As stated earlier, both the generation of theory and the process of testing and validating or rejecting theory, as alternative aims of research, may be conceptualised as part of the purpose of research. While these two research outcomes directly derive from the interpretivist view point and the positivist viewpoints respectively, Pragmatists, because of their inclination to mixed methodologies would prefer to combine both aims in a single research undertaking. These two alternative aims of research lead to an understanding of the role of inductive and deductive reasoning in research. Therefore a brief examination of the inductive and deductive dimensions of research processes is needful at this point.

4.2.2. The Philosophical Stance of this Study

Lauckner, Peterson, and Krupa (2012) observed that the purpose of research is to understand how research participants construct their individual and shared meanings around the phenomenon of interest. In line with this argument, this study is standing on the interpretivist viewpoint since the main aim of this study is to explore the factors that

influence individuals to engage in informal economic activities. That is, the study seeks to understand individual experiences and life events as well as the meanings constructed by them as they relate to their decisions regarding engagement in informal economic activities.

Given the broad aim of this study as stated above, the interpretivists' ontological, epistemological and axiological assumptions constitute the underlying philosophy upon which the study is based. Guba and Lincoln (1994) describe the ontological position of the interpretivists as one in which realities "are apprehendable in the form of multiple, intangible mental constructions, socially and experientially based, local and specific in nature (although elements are often shared among many individuals and even across cultures), and dependent for their form and content on the individual persons or groups holding the construction" (p.110 – 111).

From an ontological standpoint, the interpretivists ideas about subjective, and therefore multiple realities, fits into this study context. This is for the simple reason that participants in the study can only provide information that is subjective in nature. In other words, what they say or do, would be strictly based on their individual perceptions and attitudes, which in turn would be a function of their experiences. This is most likely to be so since the IS literature indicates that IS phenomena is context-defined (Chen, 2007). Moreover, different people tend to do the same things for different reasons. This being the case, the experiences of individuals that lead them to engage in informal economic activities are likely to be subjective in nature. Since reality about the nature of informal economic activities and the factors underlying engagement in such activities is likely to be subjective, a more logical approach towards gaining an understanding of these issues should be by seeking to gain insight into individuals' perceptions and experiences. Again, the interpretivists epistemology represents this ideal.

The interpretivists, and by implication, constructivists, see the purpose of research as that of creating an understanding of what occurs and the meanings people make of phenomena (Cutcheon and Jung, 1990). Understanding informal entrepreneurs' perspectives regarding their experiences, feelings and perceptions as well as the meanings and interpretations they give to such experiences, as these relate to their decision to engage in informal economic activities, is considered the best way to achieve this study's aim.

This study is primarily a focus on understanding individual influences which can be better understood from the standpoint of the subjective experiences and life events of the study participants. Saunders, Lewis, and Thornhill (2012) have highlighted the place of values in the research process. They emphasise that the role that the researcher's own value plays at the different stages of the research process is so important as to affect the level of credibility of the research results. As Smith (1983) argues, complete objectivity in research is unachievable. In the interpretivist tradition, the researcher is believed to be involved with the research participants in co-constructing meaning.

This, therefore, explains the interpretivists' stance in this study. Denzin and Lincoln (2003) have also emphasised that value and context-free generalisations are unattainable from an interpretivist's standpoint. To further understand the relationship between the philosophical viewpoint underpinning any research and the actual research process it would be necessary to also demonstrate on the other hand, how the choice between research approaches is linked to the specific research philosophy guiding the study in question.

4.3. Research Approaches

The relevance of understanding the underlying philosophical basis of any research study would be better appreciated at the point of considering the approaches to be adopted in conducting the research study. This is because of the inextricable link between research philosophy and research approach. The issues related to research approach concern the decision regarding whether the study is better approached deductively, inductively, or abductively. The three research approaches are examined next.

4.3.1. Deductive Research Approach

Saunders, Lewis, and Thornhil (2012) describe the characteristics of the deductive process of research as the quest to explain relationships between concepts and variables; the need to operationalize concepts and; an emphasis on generalisation of findings. Saunders et al further describe deduction as a process involving “the development of a theory that is then subjected to a rigorous test through a series of propositions” (P. 145). Thus, according to Saunders and his colleagues, “it is a dominant research approach in the natural sciences, where laws present the basis of explanation, allow the anticipation of phenomena, predict their occurrence and therefore permit them to be controlled” (P. 145). This reflects the postpositivists’ deterministic philosophy in which causes probably determine effects or outcomes (Creswell, 2003).

The deductive approach requires that a researcher of necessity begins with the theory (Rowlands, 2005; Miles and Huberman, 1994) because as a process, it involves testing of theories and hypotheses formulated at the beginning of the research project and may have been derived from existing theories. This is considered the hallmark of the scientific method. Rothchild (2006) in his critique of the deductive approach, in particular, disagrees with the idea of a method of scientific practice based on so-called hypothetico-deductive

system strongly reflected in both the works of Medewar (1915 – 1987) and Karl Popper (1902 – 1994).

Rothchild's (2006) etymological analysis of the word 'deduction' reveals that to *deduce* could mean, 'to lead from or to draw from', and similarly *deduction* could mean 'drawing conclusion from'. Thus the common understanding of the meaning of the deductive logic is moving from the general to the specific. In a more research-oriented parlance, this logic can be stated as "inference by reasoning from generals to particulars," or "the process of deducing from something known or assumed...." (Rothchild, 2006: p.3). Krauss (2005) observed that deductive reasoning is used to postulate theories which can be subsequently tested. Because of the need to ensure reliability, there is always the need in the deductive approach to use a highly structured methodology to achieve the purpose of replication (Gill and Johnson, 2010).

Generally speaking, the deductive approach is linked with quantitative research methods since it is considered a strong basis for conferring a given inquiry as scientific by the positivists and postpositivists. This has been put in the proper context in the words of Creswell (2003, P. 7) that, "in the scientific method – the accepted approach to research by postpositivists – an individual begins with a theory, collects data that either supports or refutes the theory, and then makes necessary revisions before additional tests are conducted".

4.3.2. Inductive Research Approach

The inductive approach to research tends to be exploratory in its focus as it is oriented towards movement from the unknown to what is already known. Rowlands (2005) notes that inductive research approach provides a basis for the researcher to enjoy the freedom of not being constrained by prior theory but the researcher instead makes the development of theory, propositions, and concepts constitute a research purpose to be pursued. This is

basically where the link between inductive research logic and the qualitative research method lies.

This process involves a reversal of the deductive process whereby data is used to generate theory. In inductive research, the logic is not in testing theories in order to validate them or testing hypotheses towards finding support or otherwise for hypothesised causal relationships. Rothchild (2006: p. 5) in defence of the inductive approach to inquiry argued that, "...even if we start making observations with no specific goal except to learn more about a given subject, a glimmer of meaning in the form of a generalisation, sometimes even a eureka, will emerge from the mass of facts and we now look back on all of them from a different point of view".

It is pertinent to note that this theory building element of the inductive approach is synonymous with qualitative tradition's mode of making meaning out of data, based on the interpretive research paradigm. The argument presented by Reichertz (2004) is quite relevant in this context as a means to further reinforce this point. In Reichertz's view:

The social order on which humans (often but not always) orient themselves in their actions is constantly changing and is, 'sub-culturally fragmented'. The order(s) therefore possess only a localised validity and are continually, and – since the advent of the 'modern' – with increasing rapidity, being changed by these human beings who previously (up to a point) adhered to them (pp. 301 – 302).

This argument is quite relevant in the context of understanding the basis of the qualitative research tradition. At least two important reasons are provided in the text above for the relevance of inductive approaches to research in social science disciplines. First, the social order upon which actions are anchored is dynamic and not static. Secondly, such social order is sub-culturally fragmented rather than standardised within the society. This, in essence, provides the rationale to interpret meaning from data based on a proper understanding of the context. Reichertz (2004) stresses this argument further thus:

Moreover, it is a fact that both the form and the validity of this order are bound to the meaning attributions and interpretations of the acting

subjects. Social science explanations of actions aim at the (re) construction of the order that is relevant to the acting subjects. Admittedly, this kind of order can no longer be derived from proven grand theories (pp. 301 – 302).

Saunders, Lewis, and Thornhil (2005) noted that social science researchers at some point became critical of postpositivists' approach which made possible a cause-effect link to be made between particular variables but failed to provide understanding of how humans interpreted their social world. They stressed that the ability to provide such understanding of the way in which human beings interpret their social world is the strength of an inductive approach. Proponents of qualitative research also consider this same element of creating meaning from the perspective of the subjects in an inquiry the strength of the qualitative research method (see for example Babbie, 2005).

4.3.3. Abductive Research Approach

Reasoning in research is basically related to the decisions regarding whether the researcher would have to move from theory to data, data to theory or a back and forth movement. The later of these three types of movement describes the process of abduction (Saunders, Lewis, and Thornhil, 2012). This essentially means that in abduction there is an incorporation of both the inductive and deductive logic. That is, the researcher enjoys the freedom of moving from theory to data and from data to theory. The foregoing also clearly shows that the process of abduction is the basis for the mixed method research approach.

Reichertz (2004) has traced the origin of abduction to Julius Pacius who, according to him used the abduction logic to translate the Aristotelian *apagoge* in 1597, but that the concept of abduction since after then remained unknown till C.S. Pierce (1839 – 1914) resurrected the concept, and was the first to use it to denote what he claimed to be the only truly “knowledge-extending means of inferencing. Reichertz further notes that C.S. Pierce's ideas did not gain acceptance for several decades afterwards. Having found acceptance in the realm of research in many disciplines, the use of abduction is spreading considerably. Reichertz while pointing out that abduction is no longer treated as a traditional, classical

means of drawing conclusions, however, adds that it is a new method that is yet to be incorporated into formal logic. Reichertz sums up the basis by which abduction is gaining such acceptance in the following argument: "It is precisely the quality of being a 'means-of-inferencing' that we find the secret charm of abduction. On the one hand, it is a *logical* inference (and thereby reasonable and scientific), and on the other hand, it extends into the realm of profound insight (and therefore generates new knowledge)" (Reichertz, 2004: p. 300).

4.3.4. Distinction Between Deduction, Induction, and Abduction as Approaches to Research

The scheme presented below is used to distinguish between three types of reasoning in research – deduction, induction, and abduction – and helps in providing a better understanding of how each mode of reasoning works in the research context. Therefore, the scheme is used here to show how inductive research differs from the deductive and abductive approaches with respect to the logic, generalizability, use of data, and treatment of theory in each approach. Understanding the distinction between these three approaches would help to clearly show why a particular approach is favoured in a given research study.

Table 4. 1: Distinction Between Deduction, Induction and Abduction

	Deduction	Induction	Abduction
Logic	In a deductive inference, when the premises are true, the conclusion must also be true	In an inductive inference, known premises are used to generate untested conclusions	In abduction inferences, known premises are used to generate testable conclusions
Generalisability	Generalising from the general to the specific	Generalising from the specific to the general	Generalising from the interactions between the specific and the general
Use of data	Data collection is used to evaluate propositions of hypotheses related to an existing theory	Data collection is used to explore a phenomenon, identify themes and patterns and create a conceptual framework	Data collection is used to explore a phenomenon, identify themes, locate these in a conceptual framework and test these through subsequent data collection and so forth
Theory	Theory falsification or verification	Theory generation and building	Theory generation or modification, incorporating existing theory where appropriate, to build new theory or modify existing theory.

Source: Saunders, Lewis, and Thornhil, 2005

All the four bases used to distinguish between deduction, induction, and abduction, as shown above, tend to point to one basic thing – the purpose of the research. Ultimately, the logic, data collection, generalising, all lead to a particular research outcome which reflects on the nature of understanding or knowledge that has been established about the phenomenon through the research effort. With deduction, the outcome could either be falsifying or verifying existing theories while the inductive approach leads to the generation and building of theory. Given a particular research context, how can we then make the best judgement between following the deductive approach of falsification/verification or the inductive process of theory generation or building? The most appropriate decision lies in proper understanding of the research context as this would determine which approach is best. Among the various factors that could influence the choice between deduction and induction is the field of study as has been highlighted hitherto. The overriding argument in this regard is that the study of phenomena in social

sciences (e.g. human behaviour) should not necessarily be approached the way it is done in the natural sciences (Weber, 1949, in Koch, 1994).

On the basis of the understanding gained from examining the differences between the three styles of reasoning as set out above, it is clear that this study should follow an inductive approach. This is because the purpose of this study is primarily not that of testing and validating theory or hypotheses. Rather the study basically explores the question relating to the factors for engaging in an informal economic activity. Although the study's approach involved the development of a conceptual framework, however, the conceptual framework is only developed as a guide to the process of data collection and not intended to be a model that would be tested in the study.

The study explores, in general, various dimensions of the research question with a view to identifying themes and patterns, as preliminary processes towards theory generation (Saunders, Lewis, and Thornhil, 2012). However, achieving these ends requires that decisions about the appropriate research methods that would suit the research approach adopted in line with the objectives of the study need to be made. Therefore, the next section is used to present the description of the research methods employed in the study towards achieving the set objectives in the study.

4.4. Research Methods

Each of the three major research approaches earlier discussed – deductive, inductive, and abductive approaches –permits the use of specific types of research methods. Such methods include the experimental method, case study method, and survey method etc. Each of these research methods, with their respective strengths and weaknesses, suits differing research contexts. Therefore, the researcher is required to understand each of the distinct methods and the specific research situations in which they can be used. The case study research method would be adopted in investigating the phenomenon of interest in

this study. However, because of the need to understand the nature of case studies research relative to other research methods, it would be necessary to examine at least one other research method. Therefore, what follows next, is a brief description of the survey research method as a prelude to examining the case study method.

4.4.1. Survey Research Method

The survey research method emphasises quantitative analysis, and where data for a large number of organisations are collected through methods such as questionnaires, telephone interviews, or from published statistics, and this data is analysed using statistical techniques (Gables, 1994). Gables adds that “by studying a representative sample, of organisations, the survey approach seeks to discover relationships that are common across organisations and hence to provide generalizable statements about the object of study” (Gables, 1994: p. 114).

Cooper and Schindler (2014), note that the goal of survey research is that of deriving data which permits comparability across subsets within a chosen sample in a bid to find differences and similarities. Cooper and Schindler further observed that when a survey involves statistical probability sampling in the process of selecting the study’s participants or subjects then the findings and conclusions from the study can be generalised to larger and diverse populations. Easterby-Smith, Thorpe, and Jackson (2008), on their part, distinguished between three types of survey research – factual, inferential and exploratory surveys. A major characteristic of survey research is that by using a sample of research participants, researchers can develop the understanding of the entire population.

4.4.2. Case Study Method

Yin (2009) submitted that a case study investigates a contemporary phenomenon (the “case”) in its real-world context, especially when the boundaries between phenomenon and context may not be clearly evident (p.18). Abma and Stake (2014: p. 1150) add that “Case

study, as a research method, is a way to unravel the complexity of one demarcated entity”. Additionally, Abma and Stake contend that “Case studies provide local knowledge that is time and context-bound” (p. 1152). Case studies could be designed as single cases or multiple cases (Sofaer, 1999; Yin, 2009; Abma and Stake, 2014). Creswell (2003), on his part, describes case study in terms of the depth involved in investigating any subject matter of interest, which could be a process, an activity, one or more individuals, a programme, or an event. In-depth investigation of a specified subject matter is a marked characteristic of case studies.

Leady and Ormrod (2001) suggest that case studies are useful to learn or understand little known and poorly understood situations. Yin (2009) also proposes the following three situations when it would be preferable to adopt the case study research method:

- When the main research questions are “how” and “why” questions.
- When a researcher has little or no control over behavioural events.
- When the focus of the study is a contemporary (as opposed to entirely historical) phenomenon.

Case Studies in Management and Entrepreneurship

The case study method, in spite of its perceived shortcomings and controversies by mostly positivism-oriented researchers (Zainal, 2007), is highly valued in producing desirable research outcomes. Starman (2013) argued that, as a research method, case studies are considered as having high value in practice-oriented disciplines such as education, management, public administration, and social work. He adds that a major part of research output appearing in books and journals in areas such as psychology, history, education, medicine, among others, are from case studies.

It is understandable that the management science disciplines have actively utilised the case study methodology in conducting research. Gibbert, Ruigrok, and Wicki (2008) observed that after more than twenty years of slack there has been a resurgence of interest among management and strategy researchers, in the use of case study as a method for generating and testing theory. Similarly, Schell (2012) asserts that there is a heavy reliance on case studies as a method in management studies and organisational theory for data collection and even as a type of unstructured analysis.

Gibbert, Ruigrok and Wicki (2008), citing Yin (1994) and Eisenhardt (1989), suggest that in the critical, early phases of new management theory, case studies are most appropriate for exploring key variables and their relationships. Finding support from Amabile et al. (2001) and Leonard-Barton (1990), Gibbert, Ruigrok and Wicki (2008) further suggest that another area of high relevance of case studies is where there is the need to create managerially-relevant knowledge. Although management research is considered a relatively new field, especially when compared to medical science (Tranfield, Denyer, and Smart, 2003), case study research has been enjoying a fair share of patronage across various management science disciplines such as marketing, operations management, information systems and accounting.

As evidence to the growing relevance of case studies in management research, a considerable number of academics have examined the state of case study research in the management sciences. Barratt, Thomas, and Li (2011) for instance examined the trends and research outcomes of qualitative case studies in management sciences and the implications. They observe that “Across various management disciplines there has been recognition of the importance of bringing clarity and increased rigor to theory building and testing from case studies” (p. 330). They further note the effort by academics in different management science disciplines towards providing guidance on how such studies should be done. This is captured in the following text:

A number of articles have attempted to provide guidance as to how to undertake such research from a variety of disciplines—management (Bitektine, 2008; Eisenhardt, 1989; Eisenhardt and Graebner, 2007; Harris and Sutton, 1986; Langley, 1999; Yin, 1989, 1994), information systems (Benbasat et al., 1987; Cavaye, 1996; Lee, 1989).... (p. 330).

Adding to the list in the text above, Barratt, Thomas and Li (2011) also indicate marketing and operational research as other areas where qualitative research has been applied. They conclude by identifying from the literature the key areas that are critical in this research tradition which includes methodological issues of sampling, data collection, and analysis.

This study which examines entrepreneurship in the IS adopts the case study research method because the method is also considered valuable in entrepreneurship generally and specifically entrepreneurship in the IS. For instance, Harima (2014) undertook a multiple case Study with Japanese entrepreneurs in emerging economies. He applied the multiple case study method in line with the principles by Eisenhardt (1989) and followed the guidance provided by Charmaz (2014) in choosing the exploratory case study approach. Similar studies that have adopted the case study method include Kontio (2010), Dobeles (2012), Lackey (1998), Alexander, Pearson, and Crosby (2003).

The specific approaches adopted in case studies differ with the distinct characteristics of each study. Two common approaches in case study research are those proposed by Yin (1994), and Stake (2006). Nevertheless, Merriam (1998) has also contributed immensely towards strengthening the case study research method. An appropriate approach to case study can be assessed and determined with a proper understanding of the ideas presented by these three researchers. The basic difference between the approach proposed by Yin and that proposed by Stake lies in the question of whether emphasis should be placed on the intrinsic value of the case or whether the case should be used instrumentally to understand an issue or theory (Abma and Stake, 2014, Stake, 2000).

Abma and Stake (2014) contend that whereas Yin's approach tends more towards universalism, Stake's approach views case study with an emphasis on focusing on a specific case under investigation. In other words, Yin's approach is an inclination to the

identification of general and universal patterns. Stake, on the other hand, focuses on the "particularities" (Simon, 2009) of the case in question. The methodological parallels between Yin and Stake tend to reflect on the distinction and choice between adopting the single and the multiple case study methods. The two scholars differ in their views in that while Yin tends to favour a multiple case method, Stake on the other hand advocates the single case method (Abma and Stake, 2014).

The ideas that approximate as the approach presented by Merriam (1998) to a large extent sit between those of Yin and Stake (Yazan, 2015). Yazan's analysis of Yin's, Stake's, and Merriam's approaches to case study focused on six major areas – epistemological commitments; defining case and case study; designing case study; gathering data; analysing data; validating data. The analyses of the three methods show areas of divergence and areas of convergence between and among the three scholars. Although all three researchers have areas where their ideas either complement those of the other(s) or are disparate, specific ideas can be identified from each approach which tends to be more applicable to a given research undertaking. That is, it is possible to isolate specific ideas from each approach which can be applied in a current research undertaking because of the unique needs of the research undertaking in question.

Stake's approach to case study research tends to align more with the specific needs of this study, as the preceding discussions show. Therefore ideas from the case study approach by Stake have mainly been adopted in this study. To be more specific, because the IS phenomenon is contextually defined, it is more appropriate to study it within a defined context. Considering the object of this study which is to investigate the underlying factors that influence people to undertake informal economic activities, it is considered more appropriate to design the study as a single case of Nigeria. In relative terms, Stake's perspective tends to be more interpretivism-oriented than Yin's although some of the ideas from Yin's perspective are relevant to this study. (Yazan, 2015; Abma and Stake, 2014).

Rationale for Case Study Method

As stated earlier, the case study method is one of the commonly used approaches in qualitative research. Beyond being qualitative, the essential characteristics of this study call for the case study methodology. A case study is appropriate when a given phenomenon, a process, an activity, one or more individuals, a programme, or an event which is context and time-bound is to be intensively investigated (Miles and Huberman, 1994; Sofaer, 1999; Creswell, 2003; Yin, 2009; Abma and Stake, 2014). Also, case studies are ideal when a holistic understanding of a subject under investigation is required, as well as a research context in which data would be collected in a natural setting (Ponelis, 2015). This study seeks to uncover the decision factors that are at work in influencing an individual to to engage in an informal economic activity.

Engaging in informal economic activity is a contemporary phenomenon that is currently of interest to most national governments owing to its economic and social consequences (William, and Shahid, 2014). The exact nature of the IS phenomenon is still largely unknown owing to its complex and context-specific nature (Chen, 2007). All the three characteristics mentioned here that are associated with the IS – limited knowledge, complexity, and context specificity – are factors that necessitate the adoption of qualitative case study method. Moreover, understanding the IS phenomenon requires collecting information directly from stakeholders of the sector in their natural settings.

To respond to these issues in this study, the exploratory case study research method was identified as most appropriate. This will facilitate the opening of new frontiers in knowledge relating to the IS. Also, adopting Stake's idea of the single case as well as, consideration of multiple perspectives in evidence gathering combined to address the issues relating to limited knowledge, complexity, and context-specificity of the IS phenomenon. Adopting the case study method also helped the researcher to achieve the

goal of obtaining rich description sufficient enough to be transferred to similar situations (Merriam, 2009).

Adopting a single case study method for in-depth investigation also mitigates the requirement of generalisability which other research methods are expected to satisfy. Miles and Huberman (1994) observed that much of qualitative research is focused on examining a single “case” which they describe as “some phenomenon embedded in a single social setting (p. 26). This should be viewed from the understanding that such a social setting can be a nation. In subsequent sections in this methodology chapter, more details shall be provided on specific research strategies followed in this study to deal with these research issues that necessitated the adoption of the case study research method.

4.5. Data Collection

Under this heading, the general processes leading to the collection of data all through to the analysis of the collected data are examined. First, the sampling process is considered, looking at the sampling criteria/unit and the sampling strategy employed in selecting the study participants. The characteristics of the participants are also presented. Following that, the data collection procedure is described. This has two parts to it – the pilot study and the interview process.

4.5.1. Sampling Strategy

Gentles et al. (2015, p. 1775) have defined sampling as applied in qualitative research context as “the selection of specific data sources from which data are collected to address the research objectives”. This definition, as rightly acknowledged by these scholars is presented in its broadest sense. In a more specific sense, as Curtis et al. (2000, p.1002) put it, “the approach to sampling is usually described in terms which explain that it is not based on principles associated with extensive, statistical methods using probability theory”. The approach to sampling in qualitative studies is generally different from that

used in quantitative studies. The important differences lie in the fact that unlike quantitative research, samples in qualitative studies are usually small and are not necessarily aimed at generalising the findings to a larger population. Samples, in this case, are required to be studied in-depth in their natural settings rather than in artificial context-stripped settings (Miles and Huberman, 1994). Having this in mind, sampling in qualitative studies must be approached with an understanding of the need to reflect these methodological differences.

Sampling Criteria/Sampling Unit

The major criterion used to delineate the case in this study is specifying the phenomenon of interest and the bounded context within which the phenomenon is occurring (Merriam, 2009; Miles and Huberman, 1994); thus “engaging in informal economic activity within the bounded geographical context of Nigeria” is the case. Gerring (2004, p. 342) posits that “A country may function as a case, a unit, a population, or a case study”. In selecting the data sources (participants) in a case study, it is suggested that relevance of the subjects to the research questions (including being information-rich) should override the criterion of representativeness and that a random approach to sampling is of little consequence (Carson et al, 2001; Eisenhardt, 1989).

This study seeks to investigate human experiences, perceptions and motivations as these affect people's decisions in relation to the IS phenomenon. These are deep and complex issues that require in-depth investigation, especially since knowledge about this phenomenon in the form of research output is limited. Therefore, the primary source of data should be every individual who is a stakeholder of the IS (such as owners of informal businesses, customers of informal businesses, members of membership business organisations (MBOs), relevant government and NGO officials), and who are knowledgeable and can speak confidently on issues relating to the sector.

Sampling Method

Because this study falls within the qualitative research tradition, it would adopt a non-probabilistic sampling method. These are used in different qualitative research contexts and therefore need to be applied appropriately. Purposeful or judgemental sampling as an umbrella term refers to different types of sampling strategies in qualitative studies which are used when a researcher has in his mind a specific purpose and has to use his or her expert knowledge or judgement in selecting the study sample (Ishak, 2014; Marshall, 1996; Patton, 1990).

Three commonly used sampling methods that are purposeful in design are convenience sampling, stratified purposeful sampling, and snowball sampling. Although, the least desirable because of its poor rationale, low credibility and poor information yield, convenience sampling ensures ease of access and saves time, money and effort, thus making it fast and inexpensive (Marshall, 1996; Patton, 1990). Stratified purposeful sampling is a combination of sampling strategies that make possible identification of sub-groups based on specified criteria that helps to introduce the desired level of variation in the sample and achieve fairly homogeneous strata for the purpose of facilitating comparison between the sub-groups.

Mertens (2010: p. 322) defined stratified purposeful sampling as “a combination of sampling strategies such that subgroups are chosen based on specified criteria, and a sample of cases is then selected within the strata”. He adds that cases might, for example be divided into three different subgroups each representing one out of the three levels of performance ranked as highly successful, average, and failing, respectively. Study participants are finally selected from each subgroup.

An element of this method is combined with the snowball sampling method in this study. Because the snowball sampling method is the main method adopted in this study, it is discussed in more details as presented below.

Snowball Sampling

Snowball or chain sampling (also referred to as network sampling) follows a process in which initial participants for the study are identified and such persons are relied upon to provide the link to subsequent participants, who in turn, also provide further links to other people; and further and further, the chain or network of participants continue to increase. In other words, the snowball continues to expand until it gets to the point where it is no longer desirable to increase the number of study participants (Patton, 1990; Marshall, 1996;). This could be approached in three ways – linearly, exponential non-discriminatively, or exponential discriminatively (Etikan, 2016). In this study, participants were selected in an exponential discriminative snowballing manner. That is, the process was not linear – following only a single chain of referrals. Rather it was an exponential (multiple chains) snowballing, but at the same time discriminative because of the need to adequately reflect all the desired characteristics in the sample.

Criticisms of snowball sampling, as is the case generally for all qualitative research, are based on criteria used to judge quality in quantitative research. For instance, the argument that snowball sampling cannot be used to estimate the characteristics of the general population (Dagan and Isaic-Maniu, 2013) while a weakness of this method in quantitative studies may not necessarily be an important consideration in qualitative studies; most qualitative studies do not seek to generalise the study findings on the population. However, a number of rather related drawbacks have been suggested as it relates to the use of snowball sampling which may apply also in qualitative studies.

Cohen (2011) argued that because snowballing focuses on individuals within social networks, people outside of a network could be excluded from the sample. Cohen further elaborates that there could be a possible ‘masking’ of potential participants either as a result of ‘gatekeepers’ bias or network limitations. Gatekeepers, in this context, refer to those who are in a position to provide links to other potential participants. A related argument is presented by Etikan (2016). Etikan suggested that a particular sample may be skewed with participants with particular characteristics dominating or constituting a greater part of the entire number of participants. This could happen because of undue reliance on a particular initial informant who shares similar characteristics with those he or she refers. This will then lead to over-representation of individuals with such characteristics in the sample.

One of the strengths of snowball sampling is in securing referrals that makes it possible to access study participants who are believed to be knowledgeable and information-rich in the subject being investigated (Patton, 1990). This strength derives from the fact that, as some have also termed this sampling method, snowball sampling is respondent-driven. This point is emphasised by Chaim (2008) who argued that because under this method, all information is supplied by informants themselves, the consequence is crucial. Elaborating on what the crucial consequence might imply, Cohen further emphasises on the need for the entire research process to be designed and implemented as a synergistic system. They comment specifically on the link between data access and data collection in the context of snowball sampling. That is the relationship between the sampling and the interviewing processes in snowball sampling is linked in a positive manner that helps to provide rich information.

The central argument as presented by Chaims (2008, p.334) is that, “the quality of the referring process is naturally related to the quality of the interactions”. The mere fact that informants are willing to make referrals to other potential participants would imply that

such an informant was happy about his or her experience with the researcher and is enthusiastic about the research and the interviews. Also, referrals being part of a network are most likely to be those that have specialist knowledge on the subject of investigation.

Chaim's (2008) extensive analysis of the strength of snowball sampling makes the method stand out in many ways relative to other sampling methods and tends to dissolve any doubt about this method that may have existed because of the general perception about non-probability sampling methods. Chaim expresses such views as snowball being essentially social – both using and creating social networks; social knowledge and power relations are important concepts related to snowball sampling in organic social networks. In some instances, participants are willing to provide information only because somebody they revere has referred them to the researcher. Also, between the researcher and the participant, sometimes social status could be a critical factor that can negatively impact on access and even openness in the interview situation. However, snowballing could be an effective method of dealing with this problem.

The Strengths of snowball sampling as examined above justify the use of the method in this study. More specifically, because, this sampling method is used to access hidden populations (Dagan and Isaic-Maniu, 2013; Cohen and Arieli, 2011; Chaims, 2008) it is most appropriate in this study considering the nature of the IS and the phenomenon being investigated – engagement in informal economic activity. Cohen and Arieli (2011) add that the method is appropriate for studies involving marginalised people. Indeed, a population could be hidden either by choice or by hegemonic forces, but whichever is the case snowball sampling helps to access informants in such populations (Chaim, 2008).

Cohen and Arieli (2011) have also identified economic and/or political preferences or activities, among other reasons why populations could be hidden. Accessibility inhibition as seen in hidden populations could also be because the topic being investigated is of a sensitive nature (such as circumvention of formal regulations which is a feature of informal economic activities). This was the major consideration in deciding to adopt the

snowball as the main sampling method in this study (see Dusek, 2015). Moreover, it is a cost-effective approach that saves both time and money (Etikan, 2016).

Selection of Study Participants

Guided by arguments of Chaim (2008) and Patton (2002), the snowball sampling technique with some additional elements of stratified sampling was used in this study to select potential participants. Patton (2015, p. 298) described snowballing or chain sampling as a process that involves “locating information-rich key informants or critical cases”. She adds that the first task is to ask eligible individuals who are knowledgeable about the subject being investigated for referrals to the right people who can participate in the study. The snowballing approach was used to generate a list of participants from informal entrepreneurs and other stakeholders of the IS such as officials of agencies that have oversight over and also interface with small and micro businesses.

The choice of snowball sampling was based on the challenge of access to potential participants which is attributable to absence of data bases about informal entrepreneurs in Nigeria. This in turn is reflective of the nature of the topic under investigation. The absence of databases is understandable, considering the nature of the IS which is characterised by informal business processes which are generally devoid of public records and scrutiny. Employing the snowball sampling strategy helps to mitigate the challenge of access to potential study participants which is a critical issue that significantly impacts on the trustworthiness of qualitative studies.

This problem of access is directly related to the first problem – absence of databases – in the sense that, being informal in their nature of business operations, informal business owners are not readily accessible and open to anyone they do not know closely. However, a major problem with snowball sampling is the possibility of introducing bias in terms of lack of representativeness (Stangor, 1998). However, this study’s objectives, as reflected in

the underlying research philosophy and research method employed for data collection, emphasise information-rich data sources rather than representativeness. Moreover, in qualitative studies, the objective is to achieve theoretical representativeness rather than population representativeness.

Notwithstanding the limited emphasis on population representation, there is the need to reflect the heterogeneous nature of the IS in any study of IS phenomenon. This necessitated combining snowballing with stratified purposeful sampling in this study. Although, stratified purposeful sampling is aimed at introducing variation in the sample, its emphasis is not to achieve full maximum variation (Patton, 1990). The process however makes possible the emergence of fairly homogeneous strata. Martens (2010: p. 322) defined stratified purposeful sampling as “a combination of sampling strategies such that subgroups are chosen based on specified criteria, and a sample of cases is then selected within the strata”.

Combining stratified purposeful sampling strategy with snowballing ensured that individuals knowledgeable on the subject under investigation and are consequently information-rich were relied upon to provide data for the study. At the same time, relatively homogeneous samples reflecting a certain degree of variations within the overall sample was made possible using this strategy. The import of recognising such variations in selecting the sample stems from the need to reflect sectoral, demographic and any other relevant characteristics of the study participants in the sample. Doing this is justified against the background that snowball sampling has been criticised in terms of the possibility of over-representation of participants with similar characteristics (Etikan, 2016). This again increases the degree of trustworthiness of the study findings. It should be noted that generically, the sampling strategy adopted is purposeful since all the two sampling strategies employed fall under the broad heading of purposeful sampling (Patton, 1990).

In each location, a key informant was contacted with whom the the referral process was initiated and developed into a snowball of participants. Overall, one hundred and fifty potential participants were contacted via telephone and emails mainly through referrals from members of Business Membership Organisations (MBOs), the business community generally and, government agencies (see Chibelushi and Costello, 2009; Hartley, 1994). This was done in a snowballing manner. With each referral, the initial questions were aimed at determining if the individual was information-rich enough to be of value to the data collection agenda as well as for the purpose of grouping potential participants into strata. This is the basis upon which some potential participants were considered not fit for the purpose of the study and characteristics of participants were identified.

Characteristics of the Study Participants

In keeping with the ideals of good research practice, participants in this study needed to be those that are suitable for the purpose of collecting the appropriate information required to answer the questions raised in the study. This majorly informed the choice of the sampling strategy adopted to select the study participants. The result was a robust sample that suited the purpose reasonably well. Set out in the table 4.2 is the profile of all the study participants.

Table 4. 2: Profile of Study Participants

S/N	Participant's ID	Age	Educ. Qual.	Gender	Income	Years of Experience	Geographical location	Sector
1	ABS	20 - 30 years	First degree and equivalent	Female	1,000,001 - 3,000,000	1 – 5 years	North Central	Services
2	AC	41 - 50 years	First degree and equivalent	Female	Above 20,000,000	11 - 20 years	North Central	Construction/ fabrication
3	ADM	31 - 40 years	Above first degree	Male	3,000,001 - 10,000,000	1 - 5 years	North Central	Trading
4	AE	41 - 50 years	Secondary education and equivalent	Male	100,000 - 500,000	11 - 20 years	North Central	Services
5	AF	31 - 40 years	Secondary education and equivalent	Male	1,000,001 - 3,000,000	11 - 20 years	South East	Manufacturing/ processing
6	APR	Below 20 years	Above secondary education	Male	1,000,001 - 3,000,000	6 - 10 years	North Central	Services
7	AR	51 - 60 years	Above first degree	Female	10,000,001 - 20,000,000	11 - 20 years	North Central	Combination of businesses
8	ASH	31 - 40 years	Secondary education and equivalent	Male	1,000,001 - 3,000,000	Above 20 years	North Central	Manufacturing/ processing
9	Au T	31 - 40 years	Secondary education and equivalent	Male	100,000 - 500,000	6 – 10 years	North Central	Trading
10	C& I)	51 - 60 years	First degree and equivalent	Male	Not Applicable	11 - 20 years	South-South	Government agencies

11	CAI	41 - 50	First degree and equivalent	Male	Not Applicable	6 - 10 years	South-South	Government agencies
12	CB	51 - 60 years	First degree and equivalent	Female	100,000 - 500,000	11 - 20 years	South-South	Trading
13	CS	31 - 40 years	First degree and equivalent	Female	1,000,001 - 3,000,000	1 - 5 years	South-South	Services
14	DM	41 - 50 years	Secondary education and equivalent	Male	501,000 - 1,000,000	6 - 10 years	South East	Manufacturing/ processing
15	ELECT RO	31 - 40 years	Above secondary education	Female	100,000 - 500,000	11 - 20 years	South East	Manufacturing/ processing
16	FIB	31 - 40 years	Secondary education and equivalent	Male	1,000,001 - 3,000,000	11 - 20 years	South East	Construction/ fabrication
17	FRL	41 - 50 years	First degree and equivalent	Female	1,00,000 - 500,000	6 - 10 years	South West	Combination of businesses
18	FSH	41 - 50 years	Secondary education and equivalent	Female	1,000,001 - 3,000,000	6 - 10 years	South East	Services
19	HTY	41 - 50 years	First degree and equivalent	Male	3,000,001 - 10,000,000	1 - 5 years	South-South	Hospitality
20	IBS	51 - 60 years	Secondary education and equivalent	Male	100,000 - 500,000	Above 20 years	North Central	Manufacturing/ processing
21	IR	51 - 60 years	First degree and equivalent	Male	Not Applicable	6 - 10 years	South-South	Government agencies

22	IZ	41 - 50 years	Secondary education and equivalent	Female	100,000 – 500,000	1 - 5 years	South East	Manufacturing/ processing
23	LPG	20 - 30 years	Secondary education and equivalent	Male	100,000 – 500,000	Below 1 year	South-South	Trading
24	LUB	31 - 40 years	Secondary education and equivalent	Female	10,000,001 - 20,000,000	1 - 5 years	South East	Manufacturing/ processing
25	NSP	Above 60 years	Above first degree	Male	3,000,001 - 10,000,000	11 - 20 years	South-South	Construction/ fabrication
26	OpY	31 - 40 years	First degree and equivalent	Male	1,000,001 - 3,000,000	1 - 5 years	South-South	Combination of businesses
27	PRL	41 - 50 years	Secondary education and equivalent	Male	1,000,001 - 3,000,000	11 - 20 years	South West	Services
28	RC	41 - 50 years	Secondary education and equivalent	Male	10,000,001 - 20,000,000	Above 20 years	South East	Construction/ fabrication
29	RSPK	41 - 50 years	Above first degree	Male	10,000,001 - 20,000,000	11 - 20 years	South-South	Trading
30	SAT	31 - 40 years	First degree and equivalent	Male	1,000,001 – 3,000,000	1 - 5 years	South-South	Services
31	SM	51 - 60 years	Above first degree	Male	Not Applicable	Unassigned	North Central	Government agencies
32	SMJ	31 - 40 years	Secondary education and equivalent	Male	3,000,001 - 10,000,000	10 – 20 years	South-South	Trading

33	Sy	31 - 40 years	Secondary education and equivalent	Female	100,000 - 500,000	1 - 5 years	South East	Manufacturing/ processing
34	TM	31 - 40 years	First degree and equivalent	Female	100,000 - 500,000	1 - 5 years	South-South	Trading
35	V	41 - 50 years	Secondary education and equivalent	Male	100,000 - 500,000	6 - 10 years	South-South	Services
36	VTO	41 - 50 years	First degree and equivalent	Male	3,000,001 - 10,000,000	Below 1 year	South East	Manufacturing/ processing
37	YW	20 - 30 years	First degree and equivalent	Female	Above 20,000,000	1 - 5 years	South-South	Combination of businesses
38	FAB	41 - 50 years	Secondary education and equivalent	Male	10,000,001 - 20,000,000	Above 20 years	South East	Construction/ fabrication

The informal entrepreneurs as operators in the IS are the primary people with experiences and perceptions relating to the phenomenon under investigation. The government officials (four in number) were drawn from four government agencies/parastatals whose functions put them in a good position to provide IS-related information as stakeholders of the IS. One participant is a director in the main agency with the oversight for small and micro businesses in Nigeria – Small and Medium Enterprises Development Agency of Nigeria (SMEDAN). Another participant is Head of Department in a state ministry of tourism, commerce and industry. The other two are from a state department of internal revenue service, and a state branch of the Corporate Affairs Commission (CAC) respectively. The official from CAC is the head of the state branch in question. The official from the state internal revenue service is a senior revenue inspector.

From a practical point of view, including these stakeholders of the IS was considered ideal as the information obtained from them proved to be very useful in shedding more light on the phenomenon being investigated. This reinforces the idea of adopting multiple perspectives in data collection as a means of giving credibility to qualitative studies (Abma and Stake, 2014).

The six members of MBOs and informal trade associations, apart from being in the privileged position to provide deeper insight resulting from the extra experience and understanding that come with such membership, at the same time double as informal entrepreneurs. Therefore, they are placed within the IS sectoral categories. The service sector has eight (8) participants; construction/fabrication has five (5), trading has seven (7), hospitality has one (1), manufacturing has nine (9), those combining businesses are four (4), and government officials are also four (4). Although the total number of interviews conducted was forty-two (42), the number that was usable finally came to thirty-eight (38). The aspect of the participants' profile that most typically reveals their informal status is their level of income.

As earlier stated, the different stakeholders of the IS are in some ways also its customers. However, specific groups can be identified and recognised as constituting the stakeholders of the sector because of the specific role that they play. The informal business owners constitute the primary group with direct experiences as operators in this sector. Such experiences have given rise to perceptions and viewpoints which researchers could explore. In this study, the interest is to explore the underlying factors that influence them to operate their businesses in the IS rather than the FS.

Members of MBOs and informal trade associations on their part, double as informal business owners. This puts them in a vantage position to interact with government officials on issues that are of interest to informal businesses. This presupposes that they would generally be knowledgeable about the questions of interest in this study. Finally, the

government agents selected as study participants are strategically positioned to provide rich information about the IS because of the nature of their job responsibilities that involve interfacing with small and micro business owners/associations. The policies formulated for small and micro businesses are also implemented by these agencies, apart from the role of providing inputs for such policies. This exposes them to the problems encountered by this category of businesses. This is in addition to the various programmes targeted at small and micro businesses which are developed and implemented within these agencies. This informed the appropriateness of selecting participants from Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), Corporate Affairs Commission (CAC), Internal Revenue Service (IRS), and ministry of industries, trade, and tourism. These officials in each of these four agencies are involved in performing job roles that principally involve dealing with issues relating to small and micro businesses, most of which are informal businesses.

4.5.2. Data Collection Process

Data collection was preceded by making the required preparations towards securing ethical approval from my university. Data collection involved utilising semi-structured interviews to obtain essentially primary data from different stakeholders of the IS. Supplementary primary data was also sourced through the direct observation done by the researcher prior to the commencement of the study and during the interview sessions. Owing to the nature of the IS, it was not feasible to access adequate, reliable, and useful data relating to the Nigerian context from secondary sources. Examination of data collection procedures begins at the process of the pilot study.

Pilot Study

Achieving a match between the characteristics of participants and the study's purpose or research questions (Carson et al., 2001) was a major consideration in the choice of those to participate in the study. This, in turn, reflects on the need to access information-rich

sources. As already stated, the study aims to investigate the factors that influence people to engage in informal economic activities. Therefore the primary group of interest is informal entrepreneurs. A good research practice involves ascertaining the extent to which the process of data collection would lead to the achievement of the research objectives. This, in turn, involves a mock process of data collection using a relatively small number of participants to determine the appropriateness and adequacy of data collection instruments, and at the same time, ensuring that the right sources of data are used.

A pilot study was conducted with three IS entrepreneurs and one government official. The pilot study was conducted in Port Harcourt and was aimed at highlighting potential pitfalls in the design of the interview protocol and the proposed data collection process generally. The pilot study turned out to be very useful as it helped to expose aspects of the interview protocol that needed to be revised with the active guidance of my supervisors. The pilot study created the awareness of existing communication gaps between the researcher and the participants. These were promptly addressed leading to the development of an ideal interview protocol. This process of revising the data collection instrument involved a series of reviews with my supervisors over a period of two months.

The pilot study also helped to resolve a major problem that would have been encountered during the main data collection phase. Because the research questions in the study necessitated seeking information on issues associated with tax evasion and circumvention of government regulations, it was challenging to gain genuine information from potential respondents. This was despite all the assurances given regarding anonymity and confidentiality. It was even more serious with those with low educational qualification and those who do not have an educational qualification at all. The sampling strategies adopted were among other things aimed at getting around this problem. Also, the pilot study revealed the need to review the criteria for selecting the study participants. This led to the inclusion of other stakeholders of the IS in the sampling frame. The characteristics of these

stakeholders as identified and the general ground for their inclusion in the study has already been elaborated upon above under the heading on participants' selection and participants' characteristics.

Interview Protocol

The data collection was done using an interview protocol that was the outcome of the various processes aimed at ensuring that questions appropriately captured the concept being investigated so that the data collected would lead to valid findings. As already demonstrated, the processes involving securing of ethical approval, review of data collection instrument with my supervisors, pilot study, etc., were all part of the overall research strategy aimed at ensuring the validity of the study's findings. The interview protocol consisted of two sections – sections A and B. Section A contained questions relating to the demographic and other characteristics of participants. Section B was further divided into three sub-sections, each of which directly addressed questions relating to institutional factors, factors related to social exclusion, and personality trait factors respectively, as they each relate to the decision to operate a business informally.

The number of questions asked participants was not uniform due to the follow-up questions, which is a characteristic of semi-structured interviews. Overall, the number of questions ranged from 40 to 60. Using semi-structured interviews is consistent with the requirement in qualitative case studies to investigate a given phenomenon of interest in-depth. This interview strategy, although maintaining a minimum structure to guide the interview process, at the same time permits the interviewer to probe deeper any question that requires deeper insights or triggers other related issues. The interviewer, in this case, may ask follow-up questions that would further enrich the quality of data collected. This strategy contrasted to structured interviews and unstructured interviews. A major positive effect of using semi-structured interviews in collecting data in this study is its potential in enhancing the validity of the research findings.

Moreover, because qualitative case studies are designed to investigate a given phenomenon in-depth (Zainal, 2007), semi-structured interviews are suitable since it is a data collection method that can be used to generate large quantities of data. Semi-structured interviews are able to generate large quantities of data since they allow interviewers to probe beyond the scheduled questions. Asking follow-up questions helps the researcher to gain deeper insight into the phenomenon being investigated. At the same time, the method helps the interviewer to be focused since the scheduled questions are then relied upon to guide the data collection process. Such flexibility makes the method fit in well with the interpretivists' ideals which include the idea that researchers would normally be involved with the research participants in co-constructing meaning (Smith, 1983).

One means of increasing the validity of research findings in qualitative studies is collecting data from multiple sources. One of the challenges in this study is the limited sources of data, which is a consequence of the studied phenomenon. This had limited the sources of data mainly to primary data from the interviews and informal observations. Therefore, the decision to investigate the phenomenon in-depth as reflected in the number of study participants and number of questions was to mitigate this problem. This strategy made it possible to collect rich data which ensured both depth and breadth in the investigation. Moreover, collecting data from multiple stakeholders of the IS to some extent addresses the requirement for multiple sources of evidence as Gegen and Gengen (2003) suggest. For instance, information collected from government officials can generally complement information that would otherwise be obtained from secondary data.

The Interview Process and Description of Data Collection Locations

The initial processes included seeking the consent of interview participants by getting them to complete the consent form. Each interview session began with questions that were aimed at determining if an individual possessed certain relevant characteristics that put him/her in a good position to provide valuable information required to understand the

phenomenon under investigation. This was essentially a process of matching potential participants with the purpose of the research or the questions which the study sought to provide answers to. The sampling strategy adopted permitted such flexibility. Each interview lasted between forty-five minutes and one hour. All the participants were able to communicate in at least passable English. Therefore, there was no need for an interpreter and/or translator.

Having to interview participants on their business sites enriched my understanding of the context further by what I was able to observe. In all the locations, each interview session provided an opportunity for activities of owners of informal businesses to be directly observed. This was not initially planned but with the opportunity to observe their activities readily provided it became an important part of the process. As much as possible, observation of business operations and other things within the general context of these business operations were done. Some of the follow-up questions were prompted by some specific observations done during the interview process that were incidentally related to the overall questions that the study sought to provide answers to.

In each location, interview participants were given the opportunity to determine the most suitable and convenient venue for conducting the interview. This was considered necessary to facilitate gaining the trust of participants and thereby increase the level of access to potential participants. It was also a means of meeting the required ethical standards of safety. However, in all the locations, interviews had to be conducted for all the participants in their work sites. A few of these were in their homes since they operate their businesses at home. That is, this category of informal businesses did not have separate business sites different from their residential homes. The different locations tended to have few characteristics which are unique to them but at a more significant level manifest common characteristics that link them to the overall study context which is Nigeria.

Nigeria as a geographically bounded entity constitutes the definition of the bounded context of this study. It is a country situated in the western divide of Sub-Saharan Africa. The country became an official state when Lord Lugard in 1914 amalgamated the northern and the southern protectorates of the erstwhile British colony. The country has boundaries with the Benin Republic to the west, Niger to the north, Chad to the northeast, Cameroon to the east, and the Gulf of Guinea to the south. Nigeria has thirty-six (36) states and the Federal Capital Territory, with Abuja as the country's capital. Local governments totalling seven hundred and seventy-four (774) constitute the local governing authorities in the country. The country is divided into six geopolitical zones – South-South, South East, South West, North East, North West, and North Central.

The interviews were conducted in five locations (cities) in Nigeria. These were Yenagoa (in the South-South geopolitical zone); Port Harcourt (South-South geopolitical zone); Nnewi (South-East geopolitical zone); Lagos (South-West geopolitical zone); and Abuja (North-Central geo-political zone). Although there are six geo-political zones, data could only be collected in four geo-political zones. This was a major challenge in this study. The researcher could not collect data in the North East and North West geopolitical zones due mainly to the Boko Haram insurgency in these parts of the country. It was considered too risky to travel to any location in the two zones.

However, this is not likely to affect the quality of the research findings as the emphasis is not necessarily on representativeness. Moreover, most of those interviewed in the North Central location were business owners who moved to this location from the two zones not covered. Therefore, specific characteristics of participants that needed to be reflected in the sample from these parts of the country did not present any problem since participants from the two regions were purposefully selected among the participants in location 5. Presented below is a summary of the interview process in each location.

LOCATION 1: Port Harcourt

Port Harcourt was the residential base of the researcher while the process of data collection lasted. Consequentially, it was the starting point for data collection. From this city, the researcher travelled to the other locations following the planned schedule of visits to each of the other locations. The city did not automatically qualify as one of the data collection location because it was the researcher's residential base. Rather, it is because the city is one of the major commercial cities in Nigeria. Moreover, it is the capital of one of the major oil-producing states in the South-South geopolitical zones of the country. Being among the rich cities in the country, a lot of informal businesses are operated in the city.

In Port Harcourt, a key informant (a national official of National Association of Small Scale Industrialists) was very helpful in providing links to IS business owners through referrals. Referrals were provided either by providing their telephone numbers, email addresses, or their residential addresses. This helped to generate a snowball of potential participants for the study because of the process of snowballing. Being the researcher's residential base, the study participants in this city were not all interviewed during only one period, rather, they were interviewed at different times within the four months that the interviews lasted.

As part of the data collection plan, a period of accessing potential participants and generally trying to develop an acquaintance with them was factored in as a vital mechanism for building trust with participants in every location. In Port Harcourt, time for such acquaintance was sufficiently available as more of my time during the data collection exercise was spent there. For the other locations, a minimum of four days was provided for such acquaintance process. During this period of establishing acquaintance, the researcher visited would-be participants first. The main reason for such pre-interview visits was to have an opportunity to meet with them and to be able to strike a conversation in an informal manner towards, developing reasonable closeness prior to the interview. This

helped to create an atmosphere which made the researcher to feel like one who is naturally part of the setting. These informal conversations provided insight into the contexts of these informal business operations. Mitra and Mitra (2011) also adopted a similar approach in their study of female Pakistani entrepreneurs as a means of gaining their trust.

More fundamentally, the researcher needed to make potential participants rid every feeling of apprehension by the time he or she settles down to be interviewed. Citing Farr (1982) and Payne (1999), Kuzmanic (2009) emphasised the potential influence of social psychological factors in introducing bias in interviews (with the attendant negative effect on the validity of research findings). Specifically, he has argued that “interviewer’s appearance like the style of clothing or the accent also carry meanings for the interviewee and are thus potential source of influence as well as clear markers of social status and power”. Simply, the researcher wanted participants to see him as ‘him’ and not be influenced in any way by any possible wrong perception of unequal social positions. This way, views expressed by participants would be genuine and not meant to impress the researcher. This strategy worked well as participants became quite open and confident in expressing their views. This is evident in the fact that many of them openly acknowledged they do not comply with statutory legal provisions, and that they have no regrets doing so.

LOCATION 2: Nnewi

The decision to include Nnewi as one of the cities to collect data was strategic. This city is often nicknamed “Japan of Africa”. This is because the city is reputed for local manufacturing activities, most of which are informal businesses. Therefore, in Nigeria, whenever people go to the market to purchase spare parts, especially vehicle spare parts, the first question that is normally asked is, whether the individual would prefer original (foreign brands) or Nnewi made products. Nnewi is in the South East geopolitical zoning

of the country. Although, not a state capital, it is a relatively large city bustling with business activities.

The researcher's first trip to this city was used to contact the Technology Incubation centre located there. At the first attempt to secure links to informal business owners, the authorities at the incubation centre demanded that application is made to the head of the centre. Owing to official bureaucracy, the researcher was only able to return to Nnewi three weeks later after approval had been given for the links to be provided. During the second visit, which lasted twelve days, all the interviews in this location were conducted. This included five days used to establish acquaintances.

LOCATION 3: Yenagoa

Yenagoa is the state capital of another major oil producing state in the South-South region. Like location 1, it is the core of the oil-rich Niger Delta region in Nigeria. A major distinction between this city and the first two is the absence of manufacturing business outfits in this location. The economy of the state is predominantly civil service dictated. The predominant business activity is trading, with almost all being informal businesses. This may be attributable to the low income of civil servants who tend to patronise informal businesses. Therefore, this represented an excellent site to collect data relating to the IS.

From the residential base of the researcher during the data collection exercise, it is about two hours by road to this city. This made it possible for the researcher to make multiple trips to this location to collect data at different periods, as participants could make themselves available. The initial participants in this location were also among the links provided by the key informant in location 1 since his role in his Association makes it possible for him to provide such links beyond his state of residence. As stated earlier, because of the close distance of this city from Port Harcourt (the researcher's residential

base), it was possible to operate almost exactly the same way the researcher operated in Port – Harcourt.

LOCATION 4: Lagos

Lagos is the most economically viable city in the country. As the former capital city of the country, it is home to all categories of businesses. The population of the city is also another positive factor that promotes business, especially in the IS. In this city, every supposedly menial or peasant business thrives because of the population and consequently large market for virtually everything that is sold.

In this location, the researcher could only conduct two interviews through a period of ten days. Haven taken lodging in the hotel, staying longer than the ten days was turning out to be unsustainable, both in terms of time and financial cost. The major difficulty was in securing the necessary links to potential participants.

LOCATION 5: Abuja

Abuja is the current capital city of Nigeria and a busy commercial centre for most business sectors operating in Nigeria. In some ways, the characteristics of business people, especially traders in this city are similar to those in Lagos. This may be because most of those who reside in Abuja moved over from Lagos after the seat of power was relocated from Lagos to Abuja. Therefore, although, there are very few manufacturing businesses in Abuja, the tendency to operate informal businesses is almost as high in Abuja as it is in Lagos.

In this location, securing links to potential study participants was the easiest compared to other locations. The key informant (the chairman of one of the informal trade associations) provided three links which snowballed into a number of potential participants that enabled the researcher to make a selection. Another twelve days were spent in this location to

collect data from informal business owners. Six out of the twelve days was spent trying to establish contacts and develop acquaintances with potential participants. Information on the number of participants interviewed in each location can be found on the table used to show participants characteristics.

4.6. Validity and Reliability of Qualitative Research

Qualitative research has gained considerable strength over the years in terms of its proliferation and the variety of applications (Shah and Corley, 2006), especially in social and medical science disciplines. This has not come without a corresponding measure of attacks on the processes and outcomes of research under this tradition. As expected, most of the attacks on qualitative research traditions come from scholars with a more positivist research orientation (Shenton, 2004), although, some within the qualitative tradition would also suggest areas of perceived weakness of the qualitative research tradition (for example, Guba and Lincoln, 1994). For this second category of scholars, it is more of what Anosike (2008) referred to as "self-questioning". In other words, scholars with a qualitative research orientation, rather than viewing qualitative research processes as lacking credibility in absolute terms as its critics tend to posit, engage in self-reflection about more productive ways of conducting qualitative research.

The scheme by Guba and Lincoln (1994) represents a pioneering effort towards substituting positivists' criteria for evaluating qualitative research with alternative criteria that would be more fitting to qualitative research contexts. The two primary criteria initially proposed by Guba and Lincoln were trustworthiness and authenticity, with the first measured along the dimensions of credibility, transferability, dependability, and confirmability, each, in turn, parallel the internal validity, external validity, reliability, and objectivity criteria of the quantitative research tradition respectively (Bryman and Bell, 2011). Other qualitative-oriented researchers have proposed slightly different sets of criteria to evaluate qualitative research (see for example Hammersley, 1992).

Criticisms of qualitative research are directly linked to the same theoretical or philosophical wrangling that often pitches the positivist research ideology against those of the interpretivists or constructivists. This being the background of the criticism against the qualitative research tradition, the issues then revolve around the principles and processes developed under the positivists research orientation that form the bases for inferring into the quality of research output. Such principles and processes are applied or followed right at the inception of the research programme to the end and are believed to reflect on the results. Nevertheless, some of the criticisms of qualitative research represent real issues that could potentially limit the credibility of its research outcomes.

Concerns about the inadequacies of qualitative studies relate to real issues which may be justifiable, at least, to the extent that qualitative researchers also acknowledge areas where further action is required to improve on the processes and outcomes of qualitative research. Being subjective in their research orientation, qualitative researchers may unduly rely on their whims in the processes employed to achieve their research objectives. Moreover, less experienced researchers within the qualitative research tradition may take issues of credibility for granted since there is no standardised set of criteria to measure the credibility of qualitative research processes and outputs.

Noble and Smith (2015: p. 1) observed that "Qualitative research is frequently criticised for lacking scientific rigour with a poor justification of the methods adopted, lack of transparency in the analytical procedures and the findings being merely a collection of personal opinions subject to researcher bias". Cooper and Schindler (2014) have also noted that managers often deemphasised qualitative methods because they believe qualitative data are too subjective and susceptible to human error and that in data collection and interpretation bias is a major issue in such studies.

Anosike (2008) identified four broad areas where qualitative researchers pay attention to in their reflections on the qualitative research tradition. These are the boundaries of

qualitative research, methods of data verification and validation as well as the procedures for establishing reliability and validity. In other words, the sum of all the criticisms against qualitative studies can be related essentially to the four dimensions indicated above. Additionally, the lack of clarity and confusion occasioned by the diverse terminologies, and procedures and strategies represented by different disciplines and fields that contribute to the qualitative research tradition has further compounded the problem of validity and credibility (Schurink, 2003). These bases of attacks on qualitative studies invariably reflect the same bases for self-reflection by qualitative researchers, implying that these issues are indeed critical in providing validity and credibility in qualitative research. It is appropriate at this point to examine these issues and how they were mitigated in this study.

4.6.1. Qualitative Research Rigour

With regards to the weaknesses of the qualitative approach, specific precautions and actions are required to reasonably mitigate such weaknesses. It is, therefore, the responsibility of any researcher following the qualitative tradition to pay attention to such issues towards ensuring validity in the results of the study. Gengen and Gengen (2003) have exhaustively discussed the issues relating to validity in qualitative research, emphasising on the potential representativeness of these approaches. They argued that “If there is no means of correctly matching word to world, then the warrant for scientific validity is lost, and researchers are left to question the role of methodology and the criteria of evaluation”. They add that many qualitative researchers on this basis criticise nomothetic methodologies based on their inability to reflect the complexities of human experience and action. Therefore, in this study, workable approaches suggested by qualitative researchers for establishing validity and reliability were followed in conducting the research.

For instance, Babbie (2005) emphasised that the comprehensiveness of measures in qualitative studies derive from the depth of meaning in concepts which surveys and

experiments cannot provide since, unlike qualitative research that uses detailed illustrations, these other methods only specify concepts. Thus in this study, a fundamental and basic step taken to establish validity involved the adoption of appropriate processes of data collection and analysis to achieve illustrative and detailed representation of participants' experiences and perceptions. This also informed the choice of the number of study participants and the in-depth interviews conducted.

Specific developments identified by Gengen and Gengen (2003) that border on enhancing representativeness in qualitative research are, emerging innovations in methodology (reflexivity, multiple voicing, literary styling, and performance); consideration of mitigations for the effect of situated knowledge and; tackling the issue of rhetorical/political deliberation. These strategies include empowerment research; conjoint representations; distributed representations; moving from partisanship to polyvocality; approaching research as 'relational' process. In this study's context, although, the understanding of the underlying influences on people's decision to engage in informal economic activity in Nigeria cannot be used to explain the phenomenon in other countries, within Nigeria there is need to capture the multiple socio-cultural complexities in the study. This is because the IS is heterogeneous in nature and within Nigeria, as the bounded context of the study the IS is likely to reflect such heterogeneity. Thus, the criteria for selection of study participants favoured including all the stakeholders of the IS. This helps to establish multi-voicing as suggested by Gengen and Gengen (2003). Further, the snowball sampling method was adopted in order to achieve a sample that reflected the heterogeneous nature of the sector as shown in table 4.2 above.

Actions that qualitative researchers may need to take to ensure quality can be related to specific aspects or stages of the research process. For instance, among specific verification strategies that have been recommended by Anosike (2008) are methodological coherence; sampling sufficiency/adequacy; collecting and analysing data simultaneously; thinking

theoretically, and theory development. The relevance of adopting such a systematic approach to ensuring quality in qualitative studies is directly related to the specific points of criticisms levelled against qualitative research. Such criticisms include issues with access, the problem of ensuring tight interpretation, as well as the problem of data analysis (Bryman, 1988; Miles and Huberman, 1994, cited in Anosike, 2008). Although, qualitative case studies, as the method adopted in this study, share in common the shortcomings of qualitative studies generally with other qualitative research approaches, some aspects of how these limitations were addressed in this study would nonetheless be specifically related to qualitative case studies. Therefore, the next section is an examination of how the issues relating to validity were addressed in this study.

Towards Mitigating the Shortcomings of Qualitative Case Studies

The usefulness of case studies as well as other qualitative research methods has often been challenged on different fronts. Yin (2009) opines that using the case study as a research method is among the most challenging in social science research because of the difficulty of dealing with the issues around which critics of the case study research method lace their arguments. A major criticism of case studies relates to the representativeness of cases and generalisability of the findings or conclusions derived from the study. Stangor (1998: p.121) observed that case studies have the problem of being “based on the experiences of only a very limited number of, normally quite unusual, individuals”. It is in the context of this argument that the sense in Stake’s ‘single case’ approach would be better appreciated since the emphasis is on achieving depth of investigation. The idea that case studies should be considered as “the science of the singular” (Abma and Stake, 2014; Simon, 1980) thus renders the criticism of generalisability irrelevant.

Moreover, the description of case studies as being context-bound implies that such studies are tied to pre-determined contexts. Extending the general understanding that social phenomena can best be understood situationally or within a given context, Abma and

Stake, (2014), citing Lincoln and Guba (1985) insist that the same argument applies to cases. In other words, that a case or cases should be considered within and relative to the context in which it is situated. In this regard, Stake's approach adequately deals with the problem. Although, the most appropriate research approach should normally be determined by the specific needs of the research undertaking as reflected in the research questions and/or objectives (Yin, 2009).

Apart from the criticism regarding generalisability of findings from case studies, Yin (2009) mentions lack of rigour and lack of systematic interpretation as other perceived shortcomings of the method. Easterby-Smith, Thorpe, and Jackson (2008) have expertly summarised Yin's analysis of these issues. According to them, Yin proposed the following as solutions to the criticisms of case studies:

..... he [Yin] suggests that all case studies should have clear designs produced before data is collected, and these designs should cover: the main questions or propositions, the unit of analysis, links between data propositions, and procedures for interpretation of data (p. 97).

Other specific tactics suggested by Yin (2009) that could be applicable to qualitative case studies generally are (1) using multiple sources of evidence (2) establishing a chain of evidence (3) having key informants review draft case study report, and (4) addressing rival explanations. These are issues that are generally considered critical in all qualitative research designs and have informed the detailed description of the processes followed in this study to collect and analyse data as embodied in this chapter. Moreover, as a means of building a chain of evidence, emphasis was placed on ensuring that there is a logical relationship between research questions, research procedures, raw data, and the results. For example, the conclusion that exclusion from access to finance for business influences people to engage in informal entrepreneurship can be linked logically to the data evidence presented as Appendix 12 – SMJ in the research report. This data evidence in turn can be linked to question number 21 of the second part of the interview protocol, as well as the data collection procedure, which involved the use of semi-structured interviews to collect

qualitative data capable of providing knowledge of people's experiences, perceptions, attitudes, and motivations. This again is linked and traceable to the third research question/objective, which relates to the relationship between social exclusion and the decision to operate business in the IS.

The approach adopted in this study to deal with these issues include ensuring that the views of not just the informal entrepreneurs, but also those of other stakeholders such as customers and government officials from agencies that have oversight over small and micro businesses were also considered. The criterion of multiple sources of evidence is met in this study via the consideration of relevant IS stakeholders in the collection of data since the large amount of data from the interviews and direct observation did not permit the use of secondary data and other forms of primary data. Moreover, there is a dearth of secondary data about the IS in Nigeria. Also, in the analysis of data, rival explanations were addressed wherever they featured in the data. Fortunately, two key informants are very interested in the research and agreed to review the draft case report. One of these is a former academic and the other is an official of a Business Membership Organisation (BMO) deeply involved in the IS in Nigeria.

Data source triangulation as suggested by Stake (1995, pp. 112 - 113) "is an effort to see if what we are observing and reporting carries the same meaning when found under different circumstances". Simply, when the researcher triangulates data sources then he/she collects data following a plan that aims to determine the extent that differences in the circumstances of participants still produce the same observation. The idea is to watch out for any changes in behaviour and perceptions relating to the same phenomenon being investigated, although, the objective is to ensure that behaviour is consistent across all participants' responses. The emphasis, therefore, is developing a process of data collection that ensures the right information is provided by selecting the right participants. This was

achieved through a pilot study as well as the process of developing and reviewing the interview protocol.

The process of developing data collection instrument went through various stages of refinement involving reviews from the researcher's supervisory team. Additionally, a pilot study was done to further ensure the adequacy of the instrument for the purposes of data collection. The instrument was designed to generate data through semi-structured interviews. Therefore, although the interviews were semi-structured, the questions followed a particular structure that reflected the research objectives to be achieved. The questions were directed at understanding how three broad factors – institutional, social exclusion, and personality trait factors influence individuals to operate their businesses informally in Nigeria.

The question regarding the role of social exclusion in this context at the same time raises other questions about the institutional context. In turn, questions regarding how social exclusion and institutional factors influence the individual's decision to engage in informal entrepreneurship further raise questions about the role played in this decision context by individuals' personality traits, considering that people differ in their personality traits. As an example, Sen's (1992) capability approach, which is a conceptualisation of social exclusion from individuals' capabilities standpoint, incorporates an environmental element. According to Sen, generating of capabilities is a function of three converting factors – personal, social and environmental. Both the social and environmental converting factors fit into the conceptualisation of institutional influences in this study.

Other scholars besides Sen have also demonstrated this close link between institutional contexts and social exclusion, either explicitly or implicitly (e.g. Atkinson, 2000; Hickey and du Toit, 2007; Rawal, 2008). However, apart from introducing exclusionary tendencies, can also directly influence individuals to engage in informal entrepreneurship (see Ulyssea, 2010; Mair, Marti and Ventresca, 2012; Webb *et al.*, 2013; Uzor and Mair,

2014). Regarding the influence of personality traits in the informal entrepreneurial decision context, the premise is based on the long established idea that individuals' personality trait often underlies entrepreneurial decisions and actions (see for example, Brandstätter, 2011; Caliendo, Fossen and Kritikos, 2014). The need to investigate the subject matter in-depth within the bounded context of Nigeria necessitated designing the interview instrument to suit a semi-structured interview format.

A closely related proposition is that of “multi-vocal and cross-cultural representation (Christians, 2005). Christians argued that “Within social and political entities are multiple spaces that exist as on-going constructions of everyday life”, ..and that, “the dialogic self is situated and articulated within these decisive contexts of gender, race, class, and religion. Research narratives reflect a community's multiple voices” (Christians, 2005: p. 229). Christians in this context argued for achieving “interpretive sufficiency” through representational adequacy since a research context could depict what he described (citing Denzin, 1989) as lives loaded with multiple interpretations and cultural complexity, thus, the need to avoid racial, class, and gender stereotypes.

In keeping with the above arguments in the choice of participants, consideration was given in favour of choosing individuals reflecting varying educational qualifications and other characteristics. A table showing the characteristics of participants is presented as table 4.2 above. This was made possible by adopting a blend of snowball sampling with purposeful stratified sampling strategy. The belief here is that, for instance, varying educational qualifications, for instance, would to some extent reflect on differences in ideological leanings and consequently, entrepreneurial orientations. Further, the need to match “word to world” as emphasised by Gengen and Gengen (2003) was taken seriously in the study as reflected in the approach to data collection and analysis. These were done in a manner that emphasised understanding the phenomenon under investigation from the perspective of

participants as this is the only means of understanding the complex nature of human experiences.

The critique of the qualitative studies, and by extension, qualitative case studies, relating to non-standardised criteria as well as lack of rigour and poor justification of methods are adequately addressed in this study. First, because qualitative research traditionally does not lend itself to rigid processes, the most important consideration should be transparency in the processes of data collection and analysis. This is what is emphasised in this study. The emphasis on transparency in this study can be seen in the detailed description of the various processes used to collect data, analyse the data and report the findings as presented in this chapter. One such example is the thematic analysis process as shown in figure 4.4 below (in section 4.7.1).

4.6.2. Ethical Issues in the Study

As a starting point in ensuring and meeting ethical standards, an ethical approval was obtained from the Faculty Ethics Committee within the university. Such approval was indicative of the fact that the researcher had sufficiently met the requirements and conditions for ethical approval prior to the fieldwork.

The researcher developed and used a document that permitted obtaining the informed consent of potential participants for all the interviews. Potential participants were given this document which outlined the purpose of the research and highlighted the issues relating to confidentiality and data protection. For all the potential participants, except few educated ones, the researcher spent considerable time explaining the issues relating to the study to them rather than just allowing them to read the document and append their signature as an indication of their consent. Also, for the few that read the document on their own and gave their consent, the researcher opted to explain the contents of the document. The informed consent document is attached as appendix 23.

As a consequence of the situation described above, participation in the study was voluntary. Although, access to participants was initiated through the referral process involved in snowball sampling strategy, potential participants were not compelled to participate in the study. From the one hundred and fifty potential participants contacted, a total of forty-two interviews were conducted with four of these deemed not fit for the purpose of analysis. The final thirty-eight participants whose interviews were fit for the analysis were given pseudo names using alphabetical codes. Alphabets ranging from 1 – 7 in number (e.g. RSPK) were used to designate each participant. This was deliberately done to ensure that the promise of confidentiality to participants was not breached.

Data handling was also approached in the most ethical manner possible. Interviews were recorded using a portable sonny audio (voice) recording device. The recorded interviews in MP3 files were thereafter transferred to the researcher's university account storage system, with a back-up in my personal computer. This was meant to secure the information since both of these storage systems were not accessible to others. Transcription of interviews was done manually and verbatim. Transcription involved taking every detail from the interviews in order not to leave out important data or context. The same storage systems have been used to store the the interviews after the transcription from audio to text. The interviews in the recording device were deleted soon after transferring them to the computers. Both the audio and text versions of the interview (transcripts) are secured in the two systems until it is the appropriate time for destroying them, as provided in the university's guidelines for data handling.

4.7. Analytical Frame

Qualitative data is usually in the form of rich textual material in its raw form and requires to be analysed as a means of ascribing meaning to specific issues of interest that derive from such data. To achieve this, logical procedures need to be followed considering the

need to arrive at research findings that would be considered valid and credible. In qualitative studies, instituting transparency regarding how these procedures have been followed requires ensuring that readers are able to easily follow and understand how these processes began and ended, leading to the findings of the study. This is why the description of the process of data analysis is emphasised, having collected the data. Owing to the large amount of data generated from the transcribed interviews, it became necessary to use qualitative research software to organise the data as part of data analysis. Nvivo software was deemed appropriate for the purpose of so organising the data.

The need to achieve quality research output dictates that appropriate methods be applied in the analysis of data (Attride-Stirling, 2001). In the qualitative research tradition, research findings would be called to question where a researcher fails to secure the confidence of readers in terms of how trustworthy and credible the process of data analysis was undertaken (Daley, 2004). Thus, any approach adopted for data analysis must necessarily be in view of the need to provide increased validity of the research findings. Therefore, having in mind the need to achieve valid findings in this study, the qualitative thematic analysis was identified as most appropriate in the study.

4.7.1. Thematic Analysis

Thematic analysis is a process of data analysis used in qualitative studies to identify themes that are recurring in the body of the data so that they can be coded into categories, themes and sub-themes. Braun and Clarke (2006: p.79) define thematic analysis as: “Thematic analysis is a method for identifying, analysing, and reporting patterns (themes) within data. It minimally organises and describes your data set in (rich) detail”. Citing Boyatzis (1998) they also add that thematic analysis is not limited to the elements that they highlight in their definitions, but it often also interprets “various aspects of the research topic”. Braun and Clarke further elaborate on the meaning and functionality of a ‘theme’, suggesting that it connects the data and the research question in terms of its

definition of elements within the data in relation to the research questions. Such elements in their view represent “some level of patterned response or meaning within the data set” (p.82).

Thematic analysis, especially because it is an analytical scheme in the domain of qualitative research, has its own fair share of criticisms. Citing Attride-Stirling (2001), Boyatzis (1998) and Tuckett (2005), Braun and Clarke (2006) pointed out that although thematic analysis has gained much popularity, there is no consensus about what it really is as well as its procedure. Braun and Clarke contended that such lack of consensus has resulted in thematic analysis being viewed as seemingly not a standard method. The other main disadvantage highlighted by Braun and Clarke (2006) is related to other methods such as grounded theory and discourse analysis. Braun and Clarke noted that “a simple thematic analysis does not allow the researcher to make claims about language use, or the fine-grained functionality of talk” (p.97).

Namey et al. (2008) have expressed the view that as compared to content analysis, reliability is of greater concern in thematic analysis. This viewpoint is raised upon the nature of thematic analysis which involves interpreting raw data by using codes; such interpretation normally varies with different researchers. The observation above by Namey et al. (2008) is in sync with the contention of Braun and Clarke (2006) who have argued that most of what would be considered disadvantages of thematic analysis may be attributable to poorly conducted analyses. In other words, such criticisms may not necessarily be limitations of thematic analysis as a method.

However, Braun and Clarke emphasised that, although flexibility of the method is an advantage, nonetheless, because this permits broad interpretations of the researcher’s data, it can, on the other hand, be a disadvantage to the researcher. It can be a disadvantage when multiple coders are involved in data coding in the sense that higher-phase analyses, and deciding on which specific aspects of the data to focus on may become problematic because it would be difficult to develop specific guidelines to achieve this.

On the flip side, thematic analysis has numerous advantages which make it the most commonly used method of data analysis in qualitative studies (Judger, 2016; Braun and Clarke, 2006). As already mentioned, a major attraction of using thematic analysis is its flexibility, and not being restricted to theoretical and epistemological imperatives (Braun and Clarke, 2006). The implication of this is that it is applicable across different theoretical and epistemological approaches. To further stress the positive sides of thematic analysis, Braun and Clarke posit as follows:

thematic analysis should be seen as a foundational method for qualitative analysis. It is the first qualitative method of analysis that researchers should learn, as it provides core skills that will be useful for conducting many other forms of qualitative analysis. Through its theoretical freedom, thematic analysis provides a flexible and useful research tool, which can potentially provide a rich and detailed, yet complex account of data (Braun and Clarke, 2006, p.78)

Among other reasons, the merits of thematic analysis as highlighted in the above quote, in the main, inform its adoption in this study. Moreover, specific research outcomes such as understanding causal factors, experiences and perceptions, as well as practices, can be accomplished by using thematic analysis (Braun and Clarke, 2013, cited in Fuggard and Potts, 2015). This point is particularly important since it explicitly justifies the use of thematic analysis in this study. This study investigates the causal factors underlying the decision to engage in informal economic activities. At the same time, using thematic analysis would also lay bare participants' experiences and perceptions as these generally shed more light on such decision processes.

In the methodology literature, three major phases are often suggested as the progressive stages that a thematic analysis ought to follow (see, for example, Creswell et al., 2007; Miles and Huberman, 1994). These three stages are, preparation for data analysis (transcription and familiarising with data); data reduction (coding data into categories, themes, and sub-themes); and representing of the data. However, Braun and Clarke (2006: pp. 86 - 93) have outlined and recommend six steps that represent a more specific and detailed step-by-step approach to undertaking thematic analysis which are encapsulated in

the three-stage model earlier mentioned. To mitigate the limitations of thematic analysis as highlighted above, the six-stage step-by-step process recommended by Braun and Clarke was strictly followed as described in table 4.3 below.

Table 4. 3:Thematic Analysis Process

S/N	Stage	Description of thematic process	Action of the researcher
1.	Generating initial codes	The transcribed data is organised into meaningful groups as a starting point	An initial list of codes was generated from the conceptual framework and research questions. Aspects of the data that are meaningfully related to the research problem were identified and labelled into meaningful groups based on the provisional list of codes generated from the conceptual framework and research questions. This process is highlighted under heading 4.8 below (data coding).
2.	Gaining data knowledge	Exploring avenues to familiarise with data	From the point of interviewing participants through the transcription to coding and reviewing of coded data, there was a conscious emphasis on data familiarisation
3.	Searching for themes	This stage refocuses the analysis at the broader level of themes rather than codes	Using a mind map, it was possible to bring related elements in different codes that broadly defined individual themes together to develop the initial set of themes.
4.	Reviewing themes	Themes are refined at this stage	Each theme was examined in terms of internal homogeneity and external heterogeneity. This helped in developing a thematic map, and also ensuring that data extract formed a coherent pattern to determine the fit between themes and the data extracts.
5.	Defining and naming themes	Establishing a concrete delineation of each theme's boundaries	The boundaries of each theme were specified and defined. This was done by relating each theme to the research questions and determining the need for reducing complexity in any single theme by either developing sub-themes or further refining the theme.
6.	Producing the report	Final analysis and writing up of the report	The story in each theme is presented within the structure of the overall story derived from the data set in a coherent, concise and logical report.

However, because of the desirability to integrate the thematic analysis approach by Braun and Clarke (2006), with Miles and Huberman's (1994) data coding framework, the first and second steps of Braun and Clarke's model were transposed to now constitute the second and the first steps (rows in the table) respectively as shown in table 4.3 above. This represents a slight modification of the model to suit the purpose of this study. This scheme ensured that the themes that finally emerged are the outcome of a rigorous process that is akin to feeding raw materials through a production system to undergo a refining process with the output coming out in its purest form. Additionally, a peer review process with my

fellow researchers was done to further increase the validity of the research findings. Finally, I went through the different phases in the analysis process with the keen oversight of my supervisory team who reviewed the process with me over and over till we got to a point of agreement. Support for these strategies is sufficiently provided in the literature of research methodology.

Regarding the theoretical basis for the choice of thematic analysis as the data analysis scheme in this study, it is argued that thematic analysis has the advantage of flexibility and so can be used across different theoretical positions (Braun and Clarke, 2006). Therefore, because this study stands on the interpretative research philosophy, it is appropriate to adopt thematic analysis.

4.7.2. Data coding

The approach to data coding in this study is that recommended by Miles and Huberman (1994). Using this approach, the researcher generated codes from the conceptual framework and research questions. This is unlike the open, axial, and selective (grounded theory) approach by Strauss and Corbin (1990) although, in practice, both approaches are similar and can be equated. In using this approach however, the researcher fitted it into Braun and Clarke's (2006) six stages step-by-step process of thematic analysis as shown under heading 4.7.1 above.

Deviating somewhat in terms of the hierarchical structure of the first two steps in Braun and Clarke's (2006) model, generation of codes became the first step in line with Miles and Huberman's (1994) idea of generating codes before field work. Thus, Braun and Clarke's first step became the second step while the second step became the first step in the modified model used in this study. It is for this reason that, at the outset of developing codes, the process was not data-driven but rather based on the conceptual framework and research questions. The relevance of this slight deviation is the benefit it provided the researcher in subsequent stages of the coding/thematic analysis process. For example, it

was easier to review and refine the codes as knowledge of the data progressively increased. Also, by adopting this approach, it was no longer necessary to discuss the thematic analysis process separately from the coding process. This would have amounted to duplication since in practice, the two process are essentially the same.

Moreover, the researcher found Braun and Clarke' (2006) approach to thematic analysis appropriate, considering that this approach was essentially related to, and fitted into the five subsequent phases of the coding process as outlined by Miles and Huberman (1994). The five subsequent phases in the appropriate order are revising of codes, providing structure for the codes, definition of codes, naming of codes, and checking of coding. These five phases were integrated with Braun and Clarke's (2006) six steps to constitute the general coding/analytical framework.

Nvivo version 11 was used for the coding of data. The initially generated codes or labels (forty eight in number) were imported into Nvivo software and the data chunks relating to each code or category was then assigned to each within the Nvivo programme. Subsequent stages of the coding as integrated into Braun and Clarke's (2006) scheme and described in table 4.3, were also done using the Nvivo programme. The rest of the coding process can be seen in table 4.3 above, which is used to describe the thematic analysis process.

Also, in terms of the level of meaning attached to data, a middle ground between the semantic and latent (interpretative) levels (Braun and Clarke, 2006; Boyatzis, 1998) was maintained. The reason for taking a middle position was the need to adequately "give voice" to informal business owners as disenfranchised groups on the one hand. On the other hand, the need to reflect meanings beyond the explicit views and expressions of participants, considering the influence of contextual factors and the familiarity of the researcher to the research context, made it necessary to engage in a certain level of interpretation of the data. All of these would come out more vividly as the focus of the study now turns to the research findings as presented in the next chapter.

4.8. Summary

The methodology chapter presents the philosophical, theoretical and practical elements relating to achievement of the objectives as articulated in the study. The study was hinged on the interpretivist research tradition. Given this philosophical stance, the inductive research approach was followed. The case study research method was considered more appropriate because of the type of research context and the specific needs of the research.

The study was designed as a single case study and semi-structured interviews were conducted to collect data for the study. Data analysis involved transcription of interviews from audio devices into text, and this was fed into Nvivo programme. Initial coding was done and the codes developed were later reviewed in a thematic analysis process through which themes reflecting the findings in the study were derived.

Chapter Five: Research Findings

5.1. Chapter Overview

The previous chapter explained the methodology of this study. This chapter will explain the research findings and the discussions which consist of three different parts with each part relating to each research objective. The process of data coding and reviewing led to the identification of themes which were grouped and presented under each of the three main themes relating to each research objective. These themes are framed around institutional voids, social exclusion factors, and personality trait factors, which underpin the discussion.

It should be noted that the approach to analysing the findings in this study follows a two-way path. That is, the analysis focuses on (1) influences on the individual's decision to start operating business informally, and (2) influences on the individual to stick to informal activities at the matured stage of the business. The two contexts in which the decision is made regarding entering the IS and remaining in the IS respectively are not necessarily discussed in isolation of each other. Rather, examining each of the influencing factors identified in the research findings would be done in the light of the understanding that the decision contexts relating to 'entry' into and, 'continuing' in the IS are essentially laced together. This is because the same set of socioeconomic influences are present in both decision situations.

Also, participants have used two major descriptors to define and describe informal business, which appropriately fit what is provided in the literature. These two descriptors are (1) circumvention of tax and other formal regulations, and (2) the smallness of the size and scale of business operations. Circumvention of tax laws and other regulations apart from being one of the major characteristics of the mode of business undertaking in the IS, also represents one of the motivations for engagement in informal activity. Also, number

of employees, which reflects the size of a business entity is one of the criteria used as a basis for determining if a business is operating in the IS, although most of the businesses observed in this study were owner-account micro businesses having no employees. What this means is that, all through the report of the findings in this study, these two descriptors would be featured prominently since they are the main descriptors that participants have used to describe the IS phenomenon. As earlier stated, the first part of this chapter consists of the results relating to institutional voids and is, therefore, the next major heading. Presented below is a simple schematic depiction of the major and subthemes as they represent the structure of the data analysis and research findings.

Each evidence provided in the data analysis section is given an identity using an appendix number and the pseudo name of the interviewee (source), and reference number where evidence from a particular interviewee appears more than once in any single heading (a facet of research findings). For example, assuming all the evidence relating to the facet of findings “ambiguity in tax assessment” are presented as Appendix 1, then citing the source evidence under this heading would start with the appendix number (e.g. Appendix 1) followed by a hyphen and then the source’s pseudo name (e.g. Appendix 1 – RSPK). Where evidence from a particular source appears more than once then a reference number would follow the pseudo name (e.g. Appendix 1 – RSPK – ref. – 1).

5.2. Institutional Voids and Informal Economic Activity

As a means of achieving part of the objectives of this study, the institutional theoretical framework, among others, was used as a guide to collect data relating to the role of institutional void in influencing the decisions of individuals to engage in informal economic activities. The issues considered encompassed the three pillars of institutional theory as conceptualised by Scott (1995). These are the regulative, normative, and cultural-cognitive dimensions of institutions.

In this first part of this chapter, the findings relating to institutional voids are presented as four headings, each representing a sub-theme. These sub-themes are institutional ambiguity, institutional delinquency, institutional passivity, and institutional incongruence. Each heading represents a source of void in Nigeria's institutional context in relation to economic activities within the IS. As presented in the diagram shown as figure 5.1, institutional ambiguity and institutional passivity encompass issues related to the regulative dimension of institutions. Institutional delinquency incorporates aspects of all three institutional dimensions since normative and cultural-cognitive institutional elements feature in the analysis. Institutional incongruence on the other hand, relates to the normative and cultural-cognitive pillars of institutions. It is also important to note that the influence of institutional voids is immediately generally by factors such as the individual's level of awareness, his personality characteristics and personal circumstances. The analysis and findings relating to each sub-theme and the specific dimensions under each sub-theme are presented graphically below.

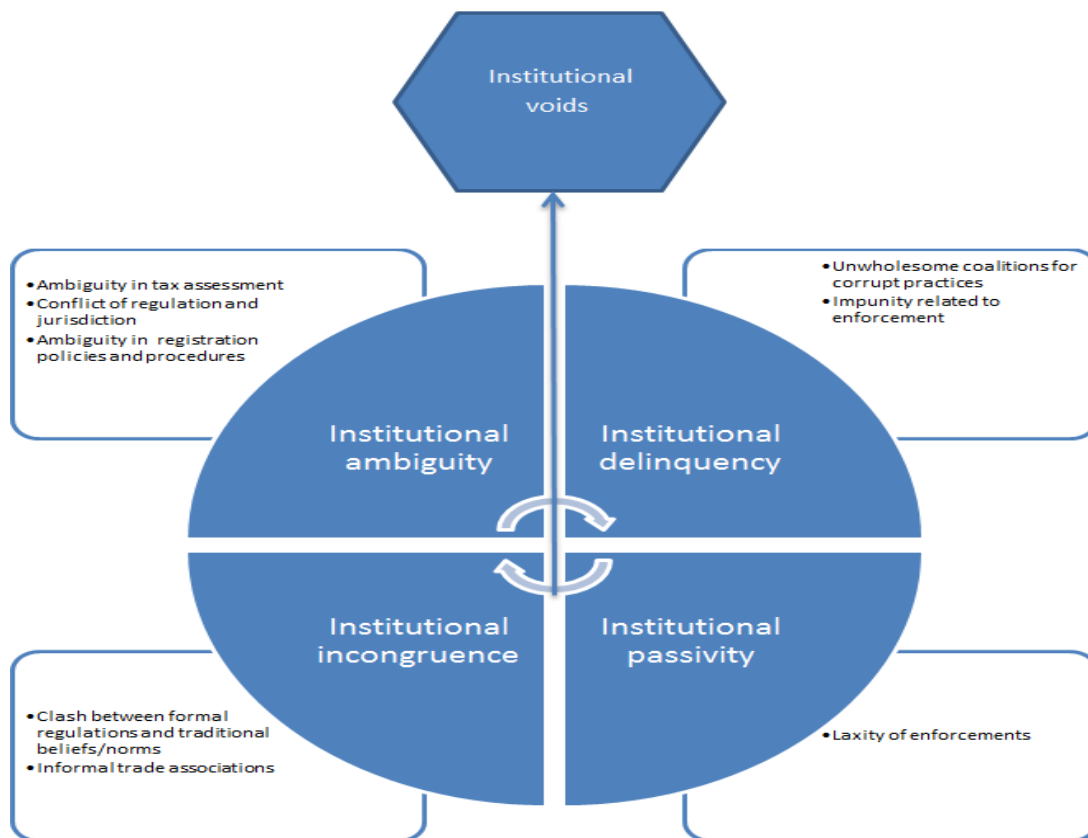


Figure 5. 1: Structure of Analysis and Findings Relating to Institutional Voids

How these four sources of voids in Nigeria’s institutional context influence people’s decisions to engage in informal economic activities is analysed based on the experiences and perception of small business owners and other stakeholders of the IS. The four sub-themes under the main theme institutional voids are presented below beginning with institutional ambiguity.

5.2.1. Institutional Ambiguities

Three specific dimensions and manifestations of institutional ambiguity feature prominently in the data, which include ambiguity in tax assessment, ambiguity of business registration requirements and processes, and ambiguity of regulations and jurisdictions.

Ambiguity in Tax Assessment for Small-Scale Entrepreneurs

Most small-scale entrepreneurs perceive the approach to tax assessment as one that is inherently inequitable. The evidence from the data suggests that government officials do not usually base their assessment on what is shown as the transaction records of small businesses. One of the participants puts it this way, “...*the figures the government representatives come up with are so quite unreasonable as compared to even the income that some of the business people make*” (Appendix 1 - CB). That is, a reasonable effort is not made to undertake the appropriate calculations that would take into account profit and liabilities of the small businesses.

Therefore, entrepreneurs perceive that there is no equity in tax assessment between small businesses and big businesses. Consequently, tax assessments for smaller businesses are perceived as being higher than expected. This is believed to be negatively impacting on the growth potential of such businesses. The interview excerpt below further reveals these contentions and contradictions as it highlights the ambiguity introduced into the process of tax assessment.

The tax guidelines are not clear enough to me because here we pay the same rate, the same fixed amount, whether small or big, which is not supposed to be so.... Though, we are all human beings. If you look at big companies paying the same thing as you, you feel cheated (Appendix 1- TM).

However, there is another aspect of the findings relating to the ambiguity of tax assessment which deserves to be examined side by side with the findings above. This has to do with the representational role played by the association to which these small-scale business owners belong as it appears to be in every state in the country. One of the officials interviewed noted that “*The informal sector, for some time, now have been operating under a union called the PILLARS OF ASSOCIATION*” (Appendix 1- IR). This association under whose umbrella small informal businesses in one of the states operate and try to have representation has always pressed for a

uniform tax rate for all members irrespective of the differences in size of these businesses. Some of the small business owners also confirm that their association usually negotiates with the government to agree to lower and standardise tax rates for small business owners. The interview excerpt below attests to this.

There is no proper assessment, if I may say, because most times, it is put on a flat rate. So, like the income tax, we pay 2,000 naira or we negotiate it every year. If for example, we have paid 2,000 naira for the past two to three years, maybe on the fourth year, the union may say okay, we will pay 2,500 naira. I think the major problem in this [tax payment], even personal income tax, is the assessment – how would they assess the taxpayer that way. Now, for us in this business, that is why we are hiding under the umbrella of the Pillars of Association (Appendix 1 - RSPK.)

Hiding under the shadows of the association in this context implies avoiding formalisation of business. The point of contention by most of the small-scale entrepreneurs is that government ought to use a template that clearly reflects the criterion of the size of a business in tax assessments. This is viewed as having the potential to create unequal costs with its effects on competition (see Gokalp, Lee, and Peng, 2017). Even in situations where the tax rate is low inequitable tax assessment would potentially create unequal costs. Low tax level is not the most critical factor in this context. As Estrin and Mickiewicz (2010) observed, methods of taxation and their enforcement are distinct issues separate from the level of taxation. They further stress this point by making reference to the findings of Aidis and Mickiewicz (2006) that all individual aspects of taxation policy matter in terms of impact on growth.

Meaning that low taxation with perceived inequitable methods and selective enforcement could still negate achievement of set objectives by prompting people to evade taxes. However, these agitations need to be considered against the background that the standard tax rates causing such consternation are the outcome of the representational engagements of their association with government officials. What seems to be playing out is that majority of these small business owners do not seem to understand much of what the associations they belong to are doing in terms of their dealings with the government just as

their knowledge of tax policies is limited. The entire system of tax assessment depicts the ambiguous nature of these tax policies and procedures. Thus, small business owners are critical about the ambiguity of tax policies as this participant states: “....*there are supposed to be clarifications of laws especially in this area of ours, where education is nothing to write about*” (Appendix 1 – SMJ).

The foregoing suggests that improper tax assessment is discouraging small business owners and prompting them to evade taxes. However, this has resulted from the largely ambiguous manner in which tax and other related matters are approached in Nigeria. For potential small-scale entrepreneurs, the knowledge that such irregularities characterise tax assessment is enough reason to discourage them from establishing their business start-up as a formal one. The next section considers a second source of institutional ambiguity with its implication on engagement in informal economic activities.

Ambiguity from Conflict in Regulations and Jurisdiction Among Different Tiers and Agencies of Government

Conflict of rules and regulations and/or conflict of jurisdiction among the different tiers of government (i.e. at local, state, and federal levels) in Nigeria results in multiple taxation, which in turn provides the incentive to engage in informal economic activities. For instance, one participant observed: “*The state government will come up with its own tax policy, the federal government will come with its own, local government will come up with its own. And sometimes you will see these laws conflicting with one another*” (Appendix 2 – VTO – ref. 2; also see ref. 1). Often, businesses are taxed at the three different levels or tiers of government for what should essentially be the function of only one tier of government. Small businesses have had to grapple with this problem of financial burden since each of the three tiers of government would normally demand the payment of what is essentially the same tax profile. Those already owning and operating their businesses prefer not to formalise their businesses, while potential entrepreneurs would readily choose

an informal business because they want to avoid such pressures. The excerpt below, from the interview with one of the government officials, confirms this perception.

One of such laws that have been a recurrent issue in the business environment is the problem of multiple taxations, where they [small-scale entrepreneurs] are complaining that people coming from local government., government officials from state, government officials from federal and all that, taxing and all that. So these are things that work against businesses (Appendix 2 – C&I)

Similarly, lack of clear-cut definition of administrative functions among the different agencies of government is another source of ambiguity. The implication of this kind of ambiguity is that entrepreneurs most times are caught in the middle where two or more government agencies place the same demand on the individual. This is most common with regulatory agencies. Again, the interview excerpt below describes this second scenario of role conflict.

Now, most times you see conflicting law enforcement agents, like NAFDAC, will come, Health [department] will come at the same time. But these two [agencies] ordinarily are supposed to work as one entity because they are all after quality. Now, this one will claim that they are the one [legitimate agency] and vice versa. So, it impacts on one to go to business that is purely non-formal (Appendix 2 – RSPK).

Apart from it being a burden which small and micro business owners consider unnecessary, multiple tax-demanding authorities and regulatory agencies often create tension and anxiety that negatively impact on small and micro businesses. The confusion that this causes leaves the individual with either of two options – satisfy all the demands, or otherwise choose to operate informally. This is depicted in this quote, “*when a government agency says do this and another government agency says do that, it’s like two parents conflicting themselves. So it will now come down to the personal intelligence of the business person to circumvent, to avoid or to go around the rules*” (Appendix 2 – OpY). This is a similar institutional context to that creating void in Nollywood as described by

Uzo and Mair (2014). In most cases, the second option becomes more appealing as the situation of ambiguity then becomes a reasonable ground to operate informally.

In every situation where entrepreneurs become uncertain which cause of action to take because of perceived ambiguities, a rational decision that aims at maximising value often represents the best option for them (see Uzor and Mair, 2014). If opting for informal economic activity is perceived as the most optimum decision that would ensure that value is maximised, then this might turn out to be a rational decision. Webb et al (2014, p.2) argue that “entrepreneurs choose the rules upon which they operate, opting to comply with certain rules and structures while simultaneously deciding perhaps that breaking other rules might facilitate actions that they take for the purpose of creating value”. Another related subject representing a source of ambiguity is business registration. Therefore, for more comprehensive analysis, the next section considers perceived ambiguities in business registration procedures and conditions.

Ambiguity in Business Registration Policies and Procedures, and Other Regulatory Provisions

Both small business owners and government officials assert that many of the small business owners do not even know they are required to formally register their businesses. A government official asserted that “*A lot of them [business operators] do not know that you need to have your business name registered with the corporate affairs commission*” (Appendix 3 – C&I - Ref. 1). They insist that even those who know, in most cases do not know the policies and procedures, and the legal requirements. Those who eventually become aware still complain about the procedures involved in registration as well as how these policies are at variance with other factors in the business context. What this means is that some of these small business owners in the first place got into informal businesses because the policies and procedures are ambiguous as this participant seems to suggest.

“When you guide them, they also try to comply, even though many will also complain of the procedures” (Appendix 3 – C&I – Ref. 2).

Registration with the Corporate Affairs Commission is what is mainly recognised as formal registration for businesses whether a business is registered as an enterprise or a limited liability company. Registration with other government establishments such as the Ministry of Commerce, Trade and Tourism is considered secondary. Therefore such registration is not generally considered as fulfilling the requirement for formalising a business. Out of the few small business owners that happen to be aware of the requirement to register with the State Ministry of Commerce and Industry, the majority of them believe that such registration fulfils the requirement for business formalisation. Others still believe that registration with their trade association satisfies the official requirement for registration. Presented below is how one of the participants described the situation.

We register only with the union that afterwards goes to settle with the govt. on our behalf. All we need to do is to pay some money to the union and if the person that we learn the work from as apprentice is around then the union officials that register will want to see the person before they register you in the union (Appendix 3 – V).

The problem of lack of clarity regarding the registration procedures for certain categories of small business owners may probably be partly because of lack of enlightenment. Thus, as this participant argues *“.....the government need to really educate individuals to know the requirement for each business you are going into”* (Appendix 3 – ADM – ref. 3). These findings are similar to Lavallée and Roubaud’s (2011) who found among other things that ignorance of the law is a reason for non-registration of businesses. The ambiguities in the registration policies and processes added to lack of enlightenment even complicate the situation further. For those entrepreneurs that know they ought to register and also understand the procedures, the problem is a different one. They are concerned that a start-up business is immediately required to formally register the business as soon as they set up their business just as this participant observed. *“At the point that the business is still*

very young and you are required to pay so much and comply with different government requirements, to me it is bad government policies” (Appendix 3 – FRL – ref. 1). This is despite the claim of various forms of government interventions for small business growth in the country. Where the money to immediately register is not available, people always go ahead first to start the business. Moreover, because of the technicalities involved in registering businesses, the services of professionals such as lawyers and accountants are normally required which then add to the cost of registering the business.

To demonstrate how this can potentially force an individual to opt for informal business, one participant provided an illustrative explanation: *“If getting my business registered would take me about 250, 000 to 300, 000 naira, and what I have in my pocket is just 100, 000 naira, and I decide to start running my business with that sum, definitely, I won’t give a damn to the laws”* (Appendix 3 – ADM –ref. 1). Putting it differently, assuming a person has one million Naira to start a business with and the person is now required to spend about 400, 000 Naira to formally register the business. Although on CAC’s official website, various categories of business registration charges are provided, but how much people spend in reality always far exceed the figures stated and are never uniform because of the variable charges for the professional services that are mandatorily required. VTO’s interview excerpt below relates to this argument.

For people who are just starting up a new business, the person has not even made his first profit, you are asking the person to pay a huge sum of money to register the company. It may one way or the other make the person feel he wants to evade that registration (Appendix 3 – VTO).

An official of the Corporate Affairs Commission (one of the study participants) also reinforced the claim by many of the small business owners that the registration procedures and financial involvement with CAC are not really friendly and that the Companies and Allied Matters decree needs to be reviewed to make the requirements for formalising business less cumbersome. See the interview excerpt below.

That is what we are saying. For instance now, the condition for registration of any business in Nigeria. To me, I believe they are very rigid, looking into the present state of the economy. The fees are high..... And for you to incorporate a limited liability company, you must pass through a lawyer, meaning that if you don't have a fee to pay a lawyer, with the present economy in Nigeria, sincerely speaking, you cannot own a company (Appendix 3 – CAI – ref. 2).

The contention of participants regarding business registration in the first instance highlights the challenge of affordability. However, underlying the affordability issue is a more relevant issue, which is the bone of contention in this context. The ambiguity in this case derives from the clash between the expectations of resource-disadvantaged entrepreneurs and the expectations of the state institutions regarding the need for businesses to be registered. Particularly, the policy requiring incorporation of a business as a pre-condition for enjoying FS benefits does not consider the reality of the economic circumstances and conditions of the majority of those who manage to start a business in one form or the other. This represents the source of ambiguity, considering that the same resource-disadvantaged entrepreneurs on the other hand, expect government to provide financial and other forms of support to help them establish their businesses.

The evidence suggests that ambiguity in business registration policies and procedures is reinforcing the behaviour of evading business registration. This is because people want to avoid business registration in the first place. Entrepreneurs believe that registering a business would immediately expose the individual to tax and other financial obligations to the government. Ordinarily people would not want to register their businesses because they wish to remain undercover in order not to be visible to government and the public. They do this as a means of continuing to evade taxes and circumventing government laws and regulations. Therefore, not ensuring clarity in the registration processes provides them with a reason to evade registration of their businesses. It is for the same reason they normally would not display signboards or other forms of advertising media that can be used to trace them and their operations.

In an attempt to express their opinion about the effects of ambiguities in registration procedures and requirements, entrepreneurs have gone as far as expressing dissatisfaction with the quality of laws guiding business practice in Nigeria, especially as they affect small and micro businesses. Participants have used different adjectives to describe what they perceive as the quality of such regulatory constraints. For instance, laws have been described as “*unstable, inflexible, archaic, conflicting, inconsistent, and unrealistic*” (see for example Appendix –CAI – ref.3; FRL – ref.2 and 3).

Participants argue that these general characteristics of the regulatory framework in different ways introduce ambiguity which often makes them confused about what would be the best course of action. Incidentally, these encompass the entire range of issues entrepreneurs deal with as can be seen in the specific case of business registration isolated for the discussion above. Gorska (2013) also identified the complexity of regulations, frequent changes in legislation, and poor access to information as part of what prompts the Romanian entrepreneurs she studied to engage in unintended informality. These findings corroborate Oladimeji and Oyibo (2012) who found that governance institutions, on the average, had as low as 25.13% performance. In other words, the low quality of institutions (manifesting voids) is implicated in the analysis of the underlying factors for engaging in informal economic activities.

Although, few of the study participants consider the policies and procedures of business registration reasonably clear and simple, even these only make reference to the registration of business enterprises as opposed to limited liability companies. Hear this participant for example *It's [business] something that everybody can register. "Although, my business is registered as an enterprise and not as a limited liability company..."* (Appendix 3 – CS). Here again, a distinction is made between people in the lower and upper economic classes in society in terms of the potential effect of the business registration demands.

5.2.2. Institutional Delinquency

Delinquency is employed in this study's context to mean that regulatory institutions in Nigeria which have been designed to implement or enforce regulations have rather become characterised by unwholesome practices. The basic issue here relates to the question regarding the relationship between the delinquent functioning of significant aspects of Nigeria's institutional framework and the incident of informal economic activity.

The necessity of employing this terminology (institutional delinquency) in this context stems from the challenge of finding an appropriate concept in the literature which appropriately captures a definition of this specific type of void-creating set of practices described by respondents relating to the nature of Nigeria's institutional framework. That is, every attempt to relate the data in question to existing concepts in the literature on institutions did not add up. The aim here is towards gaining an understanding of how unwholesome behaviours relating to the functioning of institutions prompt or encourage people to engage in informal businesses. To this end, two manifestations of institutional delinquency in the Nigerian context would be analysed. These are unwholesome coalitions for corrupt practices and enforcement impunity.

Unwholesome Coalitions for Corrupt Practices

Most entrepreneurs point out the corrupt tendencies of government officials as a major reason they operate their businesses informally. Some of them believe that even if they pay taxes and other financial obligations "supposedly" to the government, it would still end up in the pockets of corrupt government officials. Therefore, such entrepreneurs feel justified not to comply with these financial obligations as depicted in this quote. *".....one would just conclude that even if I go and pay the particular amount [officially to a government official] it is the same person that will put the money into his/her private pocket, so, instead no need, so the best thing is to go and meet him and negotiate with him on how to reduce the amount"* (Appendix 4 – SAT). They also question the rationale of going to pay

a certain amount of money as the statutory or official rate when they can conveniently pay a much lower amount as a bribe to the enforcement officers and be allowed to continue with their business. Again, this is corroborated: *“Sometimes when you are supposed to pay 6,000 naira for instance, they will say pay 4,000 naira and that goes into their pocket”* (Appendix 4 – FRL – ref.3). This is one form of the unwholesome coalition between entrepreneurs and government agents in perpetuating corrupt practices at the expense of the efficient functioning of regulatory institutions. The evidence provided in the data suggests that these corrupt practices arise out of three different situations as explained below

First, it is the government officials that initiate the processes of these unwholesome coalitions and provide the lead to entrepreneurs as shown in this quote. *“Sometimes too, they will come with the threat of wanting to come and demolish our structures but after we organize ourselves and arrange some money for them, then that closes the matter for that time”* (Appendix 4 – AE). In the second instance, it is the entrepreneurs who initiate the process of these unwholesome practices and provide the lead as the evidence in this quote suggests. *“Also, we the small business owners do bribe the agents by giving them some stipends telling them we don’t have much and that goes into their pockets and not the government purse”* (Appendix 4 – FRL – ref.4; see also IR). The third situation arises as a consequence of the first and second situations – the understanding already exists about this mode of cooperation between entrepreneurs and government officials and therefore transactions are spontaneous. This quote confirms this third type of coalition. *“I understand that the operators who come to the market to check for those who are complying with the law are people you can bribe with 5,000 naira...”* (Appendix 4 – ADM). Explicit in this quote is the fact that such a relationship has already been established between the enforcement officers and the traders at the market. These coalitions sometimes may involve an entire group of entrepreneurs collectively colluding

with government officials through their association. A good example is the case of street vendors as the excerpt below reveals.

Government does not want these people to operate as street vendors yet there are returns that are made from these people to government officials. Anyway, I don't think these payments are reflected on government records. I believe that the money collected through the vendors' association goes into pockets of some government officials as bribe. Every person that comes in to start the street vending is made to understand that the daily levy is compulsory for everyone in that line of business..... (Appendix 4 – FRL – ref.2).

Often, enforcement agents capitalise on the lack of, or limited knowledge of laws on the part of small-scale business owners (Gorska, 2013). Also because of the combined factor of adverse economic circumstances of most entrepreneurs and the cost/benefit analysis rationale, they prefer, in most cases to take the easiest and cheapest option presented by corrupt enforcement officials. These two factors mostly inform the first two situations (and by implication, the third situation) of corrupt coalitions as described above, and with inference from one of the study participants. “...in many cases I will blame it on their own ignorance of who they are [ignorant of their rights] as business people and the environmental factors of kind of stressful lifestyle of poverty, e.tc.” (Appendix 4 – CB). Ironically, whereas, business owners would often berate government officials for coercing them into corrupt practices, in some cases it is the business owners that initiate such corrupt practices as shown above. Individuals would rather seek to achieve their business objectives by cutting corners.

Generally, the underlying motivation on the part of entrepreneurs is the benefit of paying less than the official or statutory rates. As an illustration, Almeida and Caneiro (2005) in their study concluded that fines could be an effective instrument for enforcing regulations against informality. However, while this could be the case in contexts with a low tolerance for corruption and where the rule of law works, this can hardly be the case in Nigeria. Introducing fines rather provides corrupt officials a window of opportunity to negotiate

bribes with entrepreneurs. However, business owners in some cases out of ignorance may end up paying more than they should pay if they follow the right procedures.

Some business owners often do not see any justifiable reason not to be involved in such a coalition with enforcement officers. In most cases, the enforcement officer (s) in such a coalition with a small business owner becomes an informant. Thus, every plan by the government agency in question is leaked out to the small business owner(s). This way, corrupt officials facilitate engagement in informal economic activities. This is what NSP (participant) meant in the interview excerpt below.

So we pre-empt what government will do. We believe that some government officials usually tell few people on what the next policy will be, and when such things filter out, gradually we pick them up, then before you know, it is amplified, and then people begin to work towards either breaking the rules or look for a short-cut to make sure that they are not tampered with (see Appendix 4 – NSP).

This reinforces the argument that institutional design and governance could be deliberately approached in a manner that makes possible using the law to achieve the personal self-interest objectives of government agents (Prado, 2007). These perspectives in Nigeria's IS relative to the institutional framework tend to fit into De Soto's (1989) argument relating to the effect which corrupt government apparatus has, in terms of engendering informal economic activities. The excerpts of the interview with FRL above, for instance clearly depicts a coalition between a trade association and government officials for corrupt practices. It is ironical that the regulatory institutions are opposed to street vending, but at the same time, illicit payments are supposedly made to government officials to allow street vending to continue.

Corruption is both a cause of and a manifestation of institutional dysfunction. The accounts of participants are explicit in explaining why informal economic activities thrive in contexts where institutional delinquency exists. The complex nature of the entrepreneurial context is further understood from the negative impact of the absence of rule of law. In these types of contexts (such as Nigeria) non-compliance with formal

regulations becomes persistent (Smallbone and Welter, 2010; Fiege, 1997). However, corruption is closely linked with and is often present in contexts where there is institutional dysfunction (Williams and Kedir, 2016). Therefore, it is logical to conclude that corruption is a major feature of Nigeria's institutional context just as informal economic activity. Further, there is also clear evidence that corruption and informal economic activity are mutually reinforcing. This provides an enabling environment for informal economic activity to thrive, thus making the IS more attractive to potential entrepreneurs.

Although corruption has often been viewed negatively, the phenomenon is not always retrogressive (Williams and Kedir, 2016). In addition to the viewpoint that informal economic activity is not necessarily illegal, this means that the relationship between corruption and informal economic activity is mutually reinforcing. A similar situation occurs, but in this case, what seems to be corrupt coalition can instead be described as situations of unintended informality. Next, it is also necessary to consider the issue of impunity of government officials.

Impunity Related to Enforcement of Laws and Regulations

Although enforcement of laws and regulations is considered to be weak, there are complaints against enforcement agents, especially as it relates to the payment of levies. The contradicting evidence of the seeming presence of active enforcement of laws and regulations tend to arise because some entrepreneurs erroneously interpret enforcement impunity as effective enforcement as this quote seems to suggest. *“How can somebody [government institutions] just make laws and is just on paper, they are using it to intimidate people, and not just to have a better regulation” (Appendix 5 – RC)*. Supposed enforcement with self-interest as the underlying motive should not be regarded as enforcement since it does not accomplish the set objectives of enforcement. The data evidence confirms this argument. *“....it is just a façade to give the impression that they are working, maybe if there is currently a public spotlight on a particular case, but even*

when this happens, the government agents would expect those they chase away to return so that they can continue to collect bribe money from them” (Appendix 5 – FRL).

What therefore is believed by some to be effective enforcement is apparently not the case. This is because in most cases, especially for enforcement of the various types of revenue collection, politicians often contract out the job to their political associates and cronies who most times engage the services of individuals that are generally perceived as touts as the field officers. Considering that these touts engaged to perform this role are mostly uneducated, their approach to enforcement is characterised by gross impunity. This is how one participant described these enforcement officers. *“Let me say they have a dubious character, they will harass people. You know, some of them, their knowledge is very poor”* (see Appendix 5 – FSH – ref. 1). These are usually not government employees but are instead touts that had been engaged by politicians to help them win elections. As a means of compensation, they are normally engaged to work with affluent politicians to whom the collection of tax and other government levies are contracted out. A staff of the Internal Revenue Service made the following observation:

.....most recently politicians have come into Internal Revenue and consultants have been employed to do certain jobs..... We have observed that thugs and police have been mounting road blocks to check who has paid this road tax or not, and this has caused embarrassment to both the board and the public at large (Appendix 5 – IR – ref. 1).

Another factor that may account for the perceived pressure upon small business owners to comply with financial obligations to government is that many fraudulent people impersonate and pose as enforcement officers to defraud business people. Meaning that although the enforcement system is weak, the multiplicity of supposedly genuine enforcement teams that constantly harass small business owners would make it appear as if the enforcement regime is actively functional. One participant described the system of enforcement thus:

*Yes, yes, because they have different fake groups [enforcement agents].
..... But the problem there is, these agents that comes, we don't know
the right one. We have about five different groups. So it makes people
withdraw from obeying the, or following the instructions and rules and
regulations (Appendix 5 – CS – ref. 1 and 2).*

A lot of unprofessionalism is seen in the approach to enforcement. The quest for personal self-interest gains, coupled with the usually low level of education of enforcement agents results in unscrupulous and unconventional methods of getting small business owners to cooperate. Small business owners have given accounts that serve as reference points to scenarios of enforcement impunity. These have been summarised into two major forms of manifestation of enforcement impunity as shown below.

Militant approach to enforcement -One typical example of this approach is engaging in unwarranted raids of business premises for tax drives or other enforcement outings. This is often done without prior notice given to the small business owners. This excerpt of the interview with a government official also confirms this. *“You see, every day, government agents will come and raid and throw away things, along the road where people have set up a small kiosk and small things to sell”* (Appendix 5 – IR – ref. 2). This makes small business owners unhappy because approaching enforcement in the form of raids makes them feel like they are criminals. In this case, participants claim that no prior notice is given as to warrant such “commando-like” approach to enforcement.

Attitude of enforcement officers - attitude of enforcement officers towards small business owners is tied to their (small business owners) willingness to cooperate with them towards their (enforcement officers) corrupt tendencies – a friendly disposition on the part of enforcement officers is usually an indication that a small business owner played along well by meeting their corrupt demands. On the other hand, rudeness and antagonism of enforcement officers is often a result of an uncooperative disposition of the small business owner just as this participant experienced. *“sometimes the customs will try to take our goods, but they will free some after, when they might have bribed them and yet, they will*

punish others, so that is corruption as well. So because of all these things people try to follow other means and cut corners to do their business” (Appendix 5 – APR). Also, there is generally lack of courtesy on the part of enforcement officers. Enforcement officers are disrespectful and not courteous to small business owners in the discharge of their duties. Added to the issues raised above, is the unwillingness, and in some instances, even inability to provide relevant information or enlighten small business owners regarding their enforcement-related activities. The interview excerpt below, for instance, highlights some of these issues.

In fact, let me put it that they are wicked. The way they will be treating people, insulting them. I normally come across them, I feel pity for those people, but there is nothing you can do. You will see people seizing their goods. A kind of torturing them, those kind of a thing, as if that all of us are not even the government (Appendix 5 – FSH – ref. 2; see also CAI).

In some instances, entrepreneurs would prefer to comply with formal regulations but are blackmailed and coerced by government officials into doing their bidding. In these extreme cases, business people are coerced into complying with the corrupt demands of government agents because as they claim, they are left with no choice due to the fact that making official reports would hardly result in any benefit. Again, a participant observed that “...they [enforcement officers] just virtually want to intimidate these persons [business owners] so as to get maximum... eh, something, to get something out of them [bribe money].they [small business owners] have no choice, they have to pay” (Appendix 5 – OpY). This is what Gorska (2013), based on her findings, referred to as unintended informality - meaning a situation whereby an entrepreneur, in the first place sets out doing his best to be law-abiding but is sometimes forced to circumvent regulations because of the strong imperative arising from voids in the institutional framework such as the one described here. Mbaku (2010) advocates developing institutions that are also capable of constraining the state and its agents.

In fact, some entrepreneurs decide to operate their businesses informally because the supposed enforcement officers often would frustrate anyone who chooses to follow the formal procedures in conducting the affairs of his or her business. If not being bribed, enforcement agents will try every possible means to frustrate an entrepreneur. The enforcement officers in these instances react by trying to frustrate the entrepreneur because of the missed opportunity of earning extra money by extorting from the entrepreneur. Miller (2007) has argued that these types of institutional governance contexts characterised by corruption force people into informality because of lack of legal protection. Supporting evidence for the above finding can be seen in the interview excerpt below.

But in terms of circumventing the rules and regulations in business it has to do with those enforcing the law, for example, you as a businessman you may want to obey the rules by saying you want to go and pay what is due to government, but the officers will tell you that you are wasting time (Appendix 5 – SAT).

Similarly, in the Romanian context Gorska (2013) considered as a paradox the fact that regulations which ought to serve the purpose of creating order and stability instead turn out to contribute to uncertainty and anxiety. In this sense, formal institutions are turning out to produce consequences which are the direct opposite of what North (1991) considers to be their purpose. Again, entrepreneurs have this as a reasonable excuse for deciding to choose an informal mode of entrepreneurship (see also Liedholm, 1998).

Given their experiences as enumerated above, entrepreneurs have openly indicated in some cases that they do not comply with laws and regulations taking this quote for example. “*I don’t mind what the law is saying, what I do is what I feel is right for the present situation*” (Appendix 5 – AuT). It would, therefore, be necessary to also consider these issues closely. This is needful in order to understand what it is about the institutional context that permits individuals to brazenly circumvent laws and regulations. The next section, therefore, focuses on participants' perceptions and views about what they regard as passivity of institutions, as this influences people's decisions in the choice between formal and informal modes of entrepreneurship.

5.2.3. Institutional Passivity

Participants have also attributed the decision to circumvent government laws and regulations (engaging in informal economic activities specifically) to the poor attitude of government officials in enforcing applicable laws and regulations. Apart from corruption, there is a presumption that government officials are hypocritical and unserious about enforcing the law as this participant argued. “...even the government officials themselves are not serious about these laws because they too know they will not be able to follow such laws if they were the ones in the shoes of the business people” (Appendix 6 – FRL).

As this study found, entrepreneurs are rational in their decision processes and this also reflects in the decision to choose between operating a business in either the FS or IS. Therefore, in a bid to circumvent regulations and given a choice, small-scale entrepreneurs in Nigeria favour the IS as it allows them to operate more freely. This choice is based on a simple logic that people are expected to show a good example if they want good behaviours from others, especially the people they lead. In Nigeria, government officials arrogate so much power and openly contradict the law by their conduct. Thus, in business, just as it is in virtually every other activity in the country, there is a general disregard for formal laws and regulations since government officials do not seem to be much concerned (see for example, Razak, Ramlle, and Choo, 2014). The two interview excerpts below highlight these issues.

The main problem we are having in this business is government. Some of these government agencies, I believe, have not done what they are supposed to do (Appendix 6 – SMJ)

Unseriousness [sic] of government to enforce their policies properly is also affecting it [compliance with formal regulations] (Appendix 6 – VTO – ref. 1).

People’s decision to adopt informal approaches in pursuing their business objectives could be justified in these views by small business owners. The overall effect of such attitude

towards formulation and implementation of laws is the possible ineffectiveness of legal/regulatory frameworks. Because government agents that ought to defend the law are perceived even as the worst offenders, there is a general perception of the law and regulatory regime as dysfunctional. It is in the light of such indifference of government officials to formal regulations that people find the courage to circumvent these regulations as can be deciphered from this quote. *“The reason why you see these kinds of business rampant is because the government doesn't care”* (Appendix 6 – IBS).

It is often argued that government officials in some instances deliberately approach policy issues in this manner so as to leave loopholes for self-interest objectives to be fulfilled. Svensson (2005) observed that individuals may engage in corrupt practices as a response to rules which are either beneficial or harmful. When harmful, corrupt practices are aimed at circumventing rules but rules could also benefit individuals when it creates loopholes for people to engage in corrupt practices. This highlights the relationship between the phenomenon of corruption and institutional voids, and consequently the decision to engage in informal economic activities. Institutional passivity manifests as a particular tendency to be lax in enforcement of regulations as shown below.

Laxity of Enforcement

Attitude towards enforcement of regulations is a strong indicator of how regulatees would respond to such regulations. Meaning that the degree of ease and confidence with which entrepreneurs can operate informally is partly a function of the level of enforcement of regulations. As was earlier observed, the seeming appearance of commitment to enforcement by government agents in Nigeria is simply a charade that centres on self-interest end by some corrupt enforcement officers and fraudsters. In other words, the claim of laxity of enforcement does not contradict the seeming evidence of a certain level of commitment to enforcement and regulations. Perhaps the later should be given a different tag rather than be considered as enforcement. This is because the underlying motives and

the approaches adopted in this case are not the ideal relative to how enforcement ought to be undertaken to go by the evidence.

The reality on the ground as the data suggests is that there is laxity in the enforcement of regulations. Such laxity in enforcement is reflected in the ever-increasing incidence of informal economic activity across the country. This participant's argument relating to enforcement of tax collection is an example of the situation of laxity of enforcement in Nigeria generally. *"Year in, year out, many people don't pay tax. Individual taxes, they don't pay, the government tax itself, they don't pay. They just stay away from them, and then nothing happens to them. So, I think that is the influence or what helps them to get away from the formal sector and remain perpetually in the informal sector"* (Appendix 7 – NSP – ref. 1).

The laxity of enforcement is the result of many factors some of which have already been examined such as corruption. The enforcement gaps created represent voids in the institutional arrangements which subsequently encourage individuals to go informal. People always capitalise on loopholes in the regulatory framework to satisfy their self-interest. Therefore, lax enforcement of regulations becomes a clear signal that one can confidently and successfully operate one's business outside of the law. Here again, is what this participant who is an official of a small business association said: *"Well, to be candid, it is nothing to write home about, because the laws are there but we dodge them.we dodge [evade laws and regulations] them in the sense that the laws have no teeth to bite"* (Appendix 7 – NSP – ref. 2).

However, in developing country contexts, it is understood that negotiated enforcement is done in some instances because of the conditions of resource-disadvantaged entrepreneurs (Bromley, 1978, in Webb et al., 2014). On the other hand, Liedholm (1998) considers such selective enforcement as a source of void which exposes micro entrepreneurs to pressures and harassments from corrupt officials. This situation has also been reported by

participants in this study. The absence of enforcement in a particular type of business is for instance reported by participants as shown below.

Well as far as I am concerned, if there are government agencies that are regulating the activities of business owners, as far as this state is concerned, they are not doing anything very serious as to see us respecting those laws..... at this level of our business, we virtually see nobody that comes to tell you what to do and what not to do. So every business man is on his own” (Appendix 7 – PRL – ref.2).

Negotiated enforcement as noted above may not necessarily be irrational as enforcement of regulations is costly and may, therefore, be based on a cost/benefit analysis (Almeida and Caneiro, 2005). Boettke and Coyne (2009) add that non-alignment of formal institutions with informal institutions makes their enforcement costly. Meaning that in Nigeria, enforcing formal regulations would be costly given the asymmetry between formal and informal institutions. This possibly explains the seeming laxity in enforcement and the void thus created for corrupt enforcement officers to capitalise upon.

Enforcement voids as seen in the analysis above are usually capitalised upon by entrepreneurs because they present two forms of attractive options. In the first instance, it presents a way of escape from resented demands or constraints of government rules and regulations. In other instances, institutional voids present entrepreneurial opportunities that could be tapped into. In both cases, institutional voids influence the individual to operate a business informally. For instance, because of laxity of enforcement, a large informal market for sachet-packaged water has been created in Nigeria. The existence of such a large informal market has presented a business opportunity.

Another dimension of the analysis of enforcement laxity relates to the enforcement of property rights in Nigeria. In Nigeria, the laxity and, in some cases, the absence of enforcement of property rights creates opportunities for individuals to infringe upon intellectual property. According to this participant “... *somebody will produce something very nice, the next moment another person has translated it and copied it. Even if you go to*

court you discover that you start spending money and time and energy.at the end you will not even win the case” (Appendix 7 – VTO – ref. 1). These unscrupulous modes of business activities are undertaken informally. Also, those who may not be imitating someone else’s product, in most cases feel there is no point in formalising property rights that may not be enforced when infringed upon.

Thus, informal strategies are often preferred rather than formalising property rights as can be seen in this participant’s argument. “...*if they are protecting me then I will continue [to comply with formal regulations], but wherever they are, where they are doing that [enforcing my property rights], I stop it because they are not helpful, something that is helpful that you run to” (Appendix 7 – IZ). The same thing applies to contract relationships and agreements, which entrepreneurs often go into based on trust. Laxity of enforcement thus provides a strong cue to and represents a source of influence on individuals in their decisions regarding operating in the FS versus IS. The analogy as shown in the excerpt below was used by one participant to argue that lack of contract and property rights enforcement necessitates adopting informal solutions.*

After you went to engage the services of a watch-night or watchman and in the long run you find out that watchman is not doing anything. It’s better that you leave that watchman and do it by yourself; if the thief comes, you will fight them on your own (Appendix 7 – RC).

So far, the analysis has focused on examining the sources of institutional voids from the perspective of the process of developing and implementing formal regulatory provisions. Among the issues is how the ambiguities introduced into these processes and delinquent behaviours associated with institutional functioning create voids that either force people or that are capitalised upon by entrepreneurs to operate informally. However, there is another important mechanism through which voids are created in Nigeria’s institutional framework with implications for increasing incidence of informal economic activity. The section that follows relates to findings of the relationship between institutional incongruence and the decision to engage in an informal economic activity.

5.2.4. Institutional incongruence and promotion of informal economic activity

Institutional incongruence is the last among the four sub-themes identified under the main theme of institutional voids in this study's findings. Institutional incongruence results from asymmetry between formal and informal institutions. Institutional incongruence describes the character of formal institutions in a given society, relative to other existing institutions (often informal) in which there is a contest for legitimacy.

The following analysis relates to the potential role that institutional incongruence plays in people's decision to choose informal modes of business undertakings as part of this study's findings. The starting point in analysing the role of institutional incongruence from the findings is looking at the clash between traditional norms/beliefs and formal rules and regulations. This would be followed by examining the historical roots or path-dependence of informal practices. The third aspect of this section is the substituting role of informal associations in influencing people's attitude to favour informal economic activity.

Clash Between Traditional Beliefs/Norms and Formal Rules/Regulations

Traditional beliefs and norms represent a strong source of influence on behaviour. Beliefs and norms such as those relating to local deities, practices contravening informal norms, and items of trade and business practices tagged as cultural taboos, when at variance with formal regulations, have been identified by participants as factors that influence their decision to engage in informal economic activities. The aspect of these findings that provides a completely new understanding of how cultural influences impact on business is individuals' perception of the relative gravity of the consequences of non-compliance to formal laws as compared to offending local gods or deities. This participant for instance says: *I will follow my culture because for something that is a taboo in my culture, of course, I wouldn't want the gods of the land to strike me down. The law cannot strike me down, I believe. So in that situation, I will follow my culture and leave the law to fight for*

itself (Appendix 8 – ABS – ref. 1). All the views expressed by participants below regarding the clash between formal regulations and their local or traditional beliefs and norms appear to be tied ultimately to analysis of the relative weight of the consequence of offending local deities. On the surface, this might seem like nothing related to the underlying factors influencing engagement in informal economic activity.

However, the evidence from this study suggests that a high inclination to local beliefs or traditional values/norms influences informal entrepreneurial behaviour. Specifically, the choice of informal economic activity rather than choosing a formal business start-up has been linked to a strong inclination to cultural values and norms in this study's findings. The excerpt from the interview with this participant, for example, represents one source of such evidence. *".....if you look at it thoroughly, tradition, culture, and so on, and so forth, might hinder some businesses from going beyond the informal level"* (Appendix 8 – SM).

Informal entrepreneurs have demonstrated that they would not comply with formal rules and regulations (in this case, rules and regulations related to conducting business) if such formal constraints clash with their local or traditional values. Williams and Shahid (2016) drawing from their finding that tax morality and state resistance are significant factors that affect formalisation, concluded that informality is associated with high level of institutional incongruence. Windebank and Horodnic's (2016) conceptualisation of social contract (which is equivalent to the idea of institutional incongruence in the IS context) also led them to similar findings. They reported that low alignment between state morality (formal rules and regulations) and social morality (informal norms, beliefs, and values) leads to higher participation in the IS.

While some participants indicated that they would rather obey government laws and regulations, a greater number of the participants believe that their culture (traditional beliefs and norms) is more important. Surprisingly, educational qualification did not reflect

in how these business owners feel about their culture. Few of the participants have given “being learned or educated” as the reason they believe it is more appropriate to obey government laws and regulations. For instance, this participant said, *“as a learned person, I believe I will choose that of the government [complying with formal regulations] because I believe that the government laws and regulations have been properly refined to suit the condition of the day”* (Appendix 8 – VTO).

Nonetheless, those who are more inclined to their cultural/traditional beliefs are a mixture of educated and not so educated people. Among those that did not outright indicate that their cultural beliefs take precedence over government laws and regulations, some said, they would examine such instances of cultural clashes with formal laws and regulations and decide on which to give their loyalty based on their perception of the relative merits or demerits of obeying one as against the other as this participant indicated. *“In that case [in the event of a clash], it depends on how powerful the culture is and how powerful the government regulation is too. I will just consider the two and chose the one that is more beneficial to me”* (Appendix 8 – LUB).

One aspect of culture, for instance, that seems to be absolutely a “no-go area” for all participants is religion. Virtually all the participants indicated that any law or regulation that clashes with their religious beliefs should be disregarded because they would rather stick to their religious beliefs. This participant, for example, said *“.....if it has to do with violating the typical doctrines of my religion I will stand disobedient to the government law. But if it is just about human cultures I will also still analyse my culture and the law, which one conforms with obedience to divine mandate and the one that suits me, that I will obey”* (Appendix 8 – CB).

Cultural values thus influence or determine the specific formal constraints entrepreneurs choose to comply with and by implication the mode of entrepreneurship relative to such constraints.

Specifically, as it relates to informal economic activities, participants have cited examples of particular items of trade that have one form of cultural taboo or the other. For such items, if government peradventure, comes up with any regulation, most of the participants have insisted that they would readily disobey or snub such regulations and laws rather than violate their cultural taboos. One participant cites locust beans as an example. *“Like locust beans, there are traditional beliefs about it so no matter what government says about it, it does not change the traditional beliefs that people hold about it”* (Appendix 8 – FRL – ref. 4). This highlights the relevance of Mbaku’s (2010) contention that institutions need to be locally focused and be of the nature that relevant stakeholders and groups would recognise and accept as legitimate.

The reality of cultural clash against formal institutional guidelines is apparently reflective of the flagrant circumvention of formal regulatory provisions. Engaging in informal economic activity which is the subject matter being investigated in this study is a practical example of how individuals react to such clashes between traditional beliefs and formal institutions. Webb et al (2012) find that socially acceptable opportunities can be found and exploited by entrepreneurs outside of formal institutional boundaries in these contexts of institutional incongruence. Certain traditional practices in Nigeria take precedence before formal laws and regulations.

Small informal business operators perceive laws that are borrowed from other countries and adopted in Nigeria as alien to the various local cultures in the country. Small informal business owners, irrespective of educational qualification, tend to have the same opinion regarding the influence that the clash between these laws and their cultures has on them. Some have observed that majority of Nigerian laws are in this category because they are the same laws that were passed on to the sovereign Nigeria state from the colonial administration. As argued by this participant, *“..... most of our laws – as a lawyer I have to be very specific and direct..... Most of our laws are archaic laws that were established*

in 1893 that are still used in Nigeria. Laws that were enacted or promulgated in 1900, they are still used in operation in Nigeria” (Appendix 8 – CAI – ref. 2).

The perception of laws as being alien to the Nigerian context can be analysed at two different but related levels. The first level is the laws that were inherited from the British colonial administration. The second level is laws that are the outcome of legislative processes and military edicts in post-colonial Nigeria, beginning from the attainment of independence till date, but which are still largely based on western style models. In both these instances, the general perception is that of the foreignness of institutional guidelines which are divergent from local conditions and cultures in Nigeria. The interview excerpt below brings this out succinctly.

To me personally I don't like the idea of we in Nigeria bringing in most of the things that are working in the western world because their environment is quite different from ours so there are things that may survive in the western world but when you bring it here it will not survive (Appendix 8 – SAT).

It is often argued that the Nigerian elite to whom the power and ruler-ship of the Nigerian sovereign state were handed over choose to largely retain the British colonial administration's institutional structure (Otoo, 2013; Olutayo, 1999). Up to the present time, most of the laws operating in Nigeria, to say the least, still have the same colouration. Formal laws, in certain instances, lack legitimacy since they are considered by most people as being alien to the traditional beliefs and norms which are at the core of the various Nigerian cultures as can be seen in this quote. “....when they [government] go to borrow these laws from abroad, they are not looking at the society, they are not looking at the culture, they are not looking at the need of the people” (Appendix 8 – FRL – ref. 1).

These laws which could not effectively serve their purpose during the colonial era because of the asymmetry with local cultural beliefs are not possibly going to do so now that the conditions have largely changed. North's (2005) thought on this is that, for performance to improve there must be a certain combination of formal rules and informal constraints, and that the task, in this case, is to gain understanding of the exact and appropriate combination

that will produce the desired results both at a moment of time and over time. An appropriate combination and synergy of formal and informal institutions is what is required for eliciting positive behaviours (Welter and Smallbone, 2011).

Laws that have come into existence after independence still bear the same marks as those from the western societies whose cultural contexts are different from that of Nigeria. In other words, subsequent laws after attainment of independence have not been significantly localised to reflect local conditions and cultural beliefs. This may either be due to an erroneous belief that the new sovereign state needed to continue to please their erstwhile colonial masters, or because those with the responsibility to legislate have not been innovative or creative enough to break new grounds by looking inwards to the local context in their law-making processes as this participant suggested. *“Most of the foreign policies that are adopted in Nigeria were formulated by people [Nigerian legislators] who were not traditional [not orientated towards local traditional beliefs/norms and values] in their orientation”* (Appendix 8 – FRL – ref. 2). Miller (2007) citing Linarrel, (1996) has both noted the effect of lack of information and illegitimacy of a regime on the governance of such systems. For such, the most convenient thing to do is simply to adopt some laws from the western world that “seems good” to them. It might even be that most of the people that have been sponsoring bills that are passed into law have western orientation and less inclination to their local cultural values and traditions.

On the other hand, all participants claim that tax payment is something that their culture encourages. In other words, they all claimed taxation does not clash with their traditional beliefs or culture. In fact, some participants even claim that traditional modes of taxation and revenue collection have been in existence in their local communities. Notwithstanding, tax morality is considerably low among entrepreneurs in Nigeria. Therefore, other factors seem to underlie this behaviour of low tax morality. This is evident from this quote – *“where I come from there is no custom that goes against the payment of tax to the*

government. However, people kick against payment of tax to government for very personal reasons and one of the questions is that what is the government doing for me that I should pay tax to government?” (Appendix 8 – ADM – ref. 1). This evidence points to social exclusion which is presented immediately after the next section that shows the findings relating to the role of trade associations.

Trade Associations as Competing Informal Institutions

There exist various business membership organisations (MBOs) such as National Association of Small Scale Industrialists (NASSI), National Association of Small and Medium Enterprises (NASME), various state chambers of commerce, etc. However, these associations appear to be unpopular among small informal business owners. Other more localised and somewhat informal associations and unions appear to have a stronger influence on what these informal business owners do. These rather localised associations have certain characteristics in common – what is believed to be the protection of the interest of its members and a strong cohesion, as well as a relatively stronger internal regulation that is culturally-based. There is a stronger allegiance to these associations by its members because of these characteristics. This is evidenced in this participant’s claim: *“I can obey the laws of my union better than the government laws because my union protects me better than government. Government is not doing anything for me”* (Appendix 9 – IBS – ref. 1).

A case in point is the “Pillar of Association” which is used here to illustrate the nature of these associations. Pillar of Association is an umbrella association in Rivers State of Nigeria under which are more localised associations organised to cover distinct blocks of small businesses operating within the state. Virtually every business type would have its own association which all come under the Pillar of Association. The Pillar of Association, on the other hand, is operated as numerous units defined in terms of geographical blocks

but federated under the umbrella association. A description of this association is captured in the following interview excerpt:

..... the traders or business men in Port Harcourt have formed some kind of a pressure group, have registered a union, as an umbrella that protects them. Like here, we have what we call OHIBA. This OHIBA is under Pillars of Association of traders in Port Harcourt. Now, Port Harcourt is sectioned. You know, they are kind of balkanized in sections, that the area where I operate, we are called OHIBA, which is Rumuebekwe and whatever, whatever unit. So, now, under this umbrella, all of us that are traders, we are a kind of a pressure group (Appendix 9 – RSPK – ref. 1).

The association is believed to have engaged with the government on behalf of its members regarding streamlining the various levies and reducing the amount small business owners pay. This is something that the entrepreneurs appear to be happy about and have talked about much, although, some of them do not seem to have knowledge of this. Almost all the government officials also emphasise on the role that the association has been playing in getting the government to respond to some of the demands of small businesses. For instance, a government official expressing concern over what he perceives as undue influence of this association argued thus:

The union is not a tax collecting agency. They are not supposed to be a tax collection agency but they are assuming that position and the board said no. It's not supposed to be that. What you are supposed to do is protect your members and not collect tax (Appendix 9 – IR).

The evidence that these informal associations are entrenching themselves as substitutes for formal institutions are explicit in the way these institutions have grown popular in recent times. One example is the recognition they are being accorded by the government in different contexts. For instance, one participant intimated that “*the Lagos State government has mandated all artisans to belong to a group [association] so that they will be able to reach out to them*” (Appendix 9 – PRL). The internal regulation within these associations is believed to be more binding than government regulations. Small business owners expressed their disposition to comply with the rules of their association even more than government rules and regulations. They say their associations are better organised and

protect their interest better than the government does. These associations operate more like the local traditional associations and seem to be quite effective.

These associations represent a reliable source of information for members and mechanisms for channelling grievances, as well as settling of disputes between and among members. The association can also lobby government on issues related to programmes for members' empowerment, although, they are not quite active in the area of lobby. They are only marginally involved in this area may be because of the low educational qualification of association officials in most cases and also because of their informal status. Nonetheless, they actively get involved with relevant government agencies in negotiations on an existing policy that adversely affects the welfare of members as expressed in this quote. *"We always experience that [adverse government policies] so what we do as a union, we send our representative to the government office [to negotiate]"* (Appendix 9 – IBS – ref. 2). Mair and Lanuza (2009) particularly emphasise the role that business groups play when government is not able to play its role in terms of providing the required institutional arrangements for conducive business operation.

One important reason for the strength of these associations or unions is the fact that they have their roots in traditional forms of organisation. They are mostly guided by traditional norms which tend to have a greater degree of legitimacy. This is reflected in the extent to which members of these associations pay allegiance to the group's norms. Members of these associations perceive the binding force of the informal constraints from their associations to be stronger but this is preferred, relative to formal regulations. Individuals with a common identity of involvement in informal economic activities will tend to form strong bonds of solidarity if faced with high state repression and external threat (Portes and Haller, 2005). The interview excerpt below is a depiction of the nature and dynamics of these associations.

Now we have association – Abuja manufacturing association. It is a strong association. If you are a member [with] card, If you don't attend any of the meetings you may be made to pay a fine. Also members pay a compulsory levy. This money is used to meet the welfare needs of members such as when a member is bereaved and the association has to provide some money to assist the individual. Apart from the money assistance, some members would be mandated to accompany the individual to his community (Appendix 9 – ASH).

The informal mode of relations within these associations which is typical of IS operators can be inferred from the quote above. The evidence from the data, as shown above, indicates that so far, these associations tend to be working with the government in a reasonably cordial relationship and are meanwhile seen to be intermediaries between the government and entrepreneurs. However, reading through the lines in the excerpt above, a striking thing that should be noted is the degree of allegiance to these associations by members relative to formal institutions' constraints. It would appear for now, that these associations complement the efforts of government regarding the welfare of small business owners.

However, informal institutions such as these trade associations at some points could become competing institutions that would challenge the legitimacy of formal institutions. Most entrepreneurs who operate their businesses informally do so because they feel more protected by the associations they belong to. The belief that by registering with a trade association, the individual does not have to bother about formal registration with CAC influences the decision to operate business informally. Whenever there is a conflict between formal and informal institutional imperatives, there is normally reliance on past experience and tacit knowledge (Smallbone and Welter, 2004). This assertion is indicative of what seems to be playing out in reality in the Nigerian context.

5.3. Exclusion from Individual Rights and Opportunities

The first part of this chapter was used to present the findings relating to the influence of institutional voids on people's decisions regarding the choice of informal entrepreneurship.

Considering the multiplicity of factors that come into the decision contexts such as the one under investigation, there was the need to explore other sources of influence in understanding comprehensively the decision context leading to the choice of informal entrepreneurship.

This part of the chapter, therefore, relates to findings on the influence of social exclusion in the decision to opt for informal economic activity. This can be related to the contextual and background information in this study which suggests that documented economic growth in the past few years in Nigeria is non-inclusive in nature. The findings under social exclusion factors are organised into a scheme that represents two partitions with the first partition describing what tends to be a hierarchical arrangement of FS-related sources of social exclusion which influence individuals' decision to choose informal economic activities. More specifically, the two partitions are (1) requirements of the FS as a source of exclusion, and (2) General societal level deprivation of public services as a source of social exclusion. Hierarchically, aspects of social exclusion in this study's context can be ordered in terms of primary, secondary and tertiary sources of exclusion as shown in figure 5.3 below. For instance, need for formal education is a primary source of exclusion which can impact generally on virtually every other type of exclusion. The need for and access to finance which on its part can also impact on other tertiary types of social exclusion is secondary rather than primary since it is itself impacted by the need for and access to formal education. Again, the nature of social exclusion's influence in this context is mediated by the individual's personality characteristics and personal circumstances.

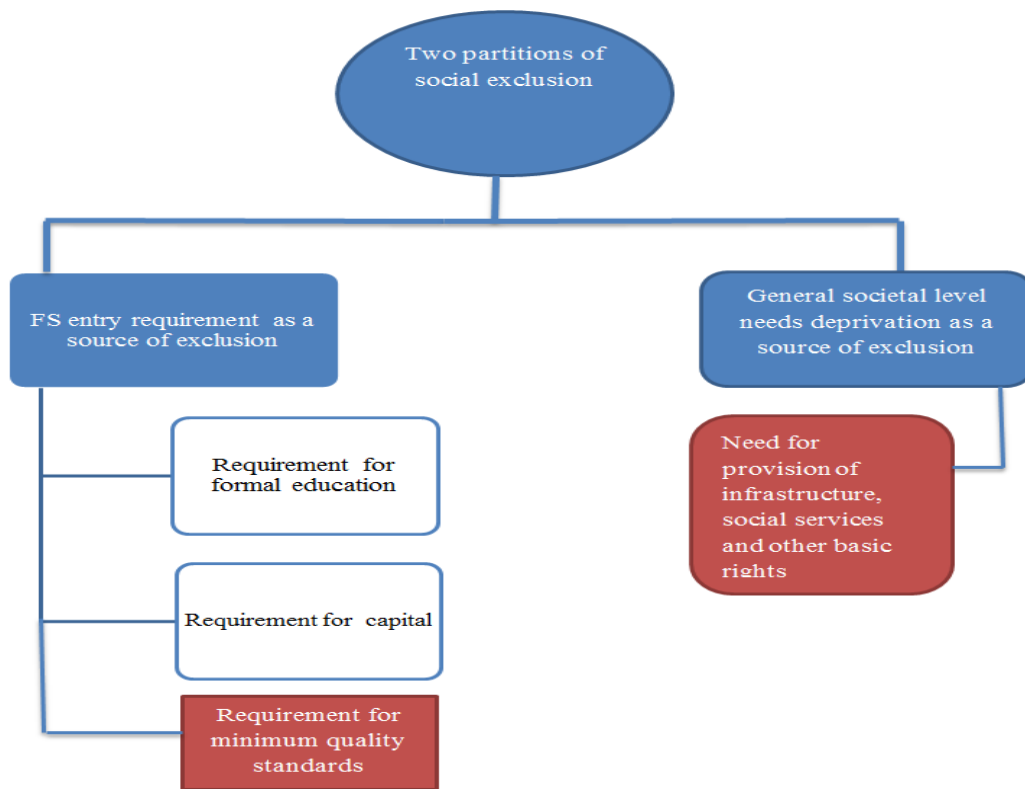


Figure 5. 2: Structure of Analysis and Findings Relating to Social Exclusion

A closer look at this two-partitions/three-hierarchies scheme highlights an important fact. In most instances, the demands that the FS places on resource-disadvantaged people ultimately translate to the business support needs of the individuals that would, on the other hand, be matched with the supply capability of the FS. This can be seen in respect of requirement for formal education and the individual's need for formal education, as well as, the requirement for capital and the individual's need for financing. Because of this close relationship, the demands of the FS, which at the same time represent needs of the individual, have been discussed in an integrated manner. This helps to clearly show how FS' stringent entry requirements further add to the limitation occasioned by individuals' lack of capacity (owing to social exclusion) which then influences their decision to operate their businesses informally. The same thing applies to the need for business linkages and the requirement for minimum product quality standards. Therefore, the presentation and discussion of findings related to the influence of social exclusion are represented by two

broad headings – findings relating to FS-associated social exclusion and those relating to societal-level deprivation of basic social services.

5.3.1: FS Requirements and Disqualification of Current and Potential Entrepreneurs' Participation in the Sector

The conditions for successfully operating in the FS present entrepreneurs with barriers to market entry, which Gelard and Saleh (2011) argue prevent entrepreneurship development. While in few instances, these conditions (such as requirement for formal education, inaccessible venture capital, and minimum quality standards) could prevent people from establishing entrepreneurial ventures, the evidence suggests that in most cases, it instead drives people into an informal mode of entrepreneurship. The interview excerpt below from one of the study participants (C&I) is used to demonstrate generally how exclusion arising from the requirements of the FS influences the decision to choose an informal mode of entrepreneurship.

If you cannot meet the conditions of the formal sector you have no choice but to, and because you think you can meet the conditions of the informal sector, you will rather operate within the informal sector. You remain in the informal sector because you can't do it in the formal sector (Appendix 10 – C&I).

Exclusion from the FS prompts individuals to settle for the IS. It should be noted that this is a level of exclusion different from lack of access to basic needs such as formal education. For instance, having been denied access to formal education, the individual is on this ground further denied access to the FS. This second level of exclusion (lack of access to the FS) is a consequence of the first (lack of access to formal education) and is the focus of this section. Therefore, discussing social exclusion in this context would necessarily highlight this two-level scenario of social exclusion. Three aspects of the requirements of the FS would be considered in terms of how they influence current and potential entrepreneurs regarding their decision to operate in the IS. It begins with education and training requirement in the FS.

Requirement for Formal Education and Training in the FS

Regarding whether operating in the FS requires a certain level of formal education and training is a question that generated mixed views from small business owners. While some believe that formal educational qualification is not a significant factor that can determine who can operate a formalised business, others think formal education and training is a critical element. Those who believe formal education and training matters less have cited instances of individuals who did not attend formal educational institutions or only just have little education, and have been successfully operating big formal businesses. See below the excerpt of the interview with ABS who also argued that formal education and training matters less.

Well, I don't think your educational qualification has anything to do with business in fact, because, there are people who never saw the four walls of [educational institutions], okay, maybe they have the basic education, the primary education. Some dropped out of their secondary education but they are making waves. So it is not compulsory that you must see the four walls of a higher institution to make it big in business (Appendix 11 – ABS).

It should be noted, however, that even those who believe education and training do not matter, say it with certain caveats. The first caveat is that those with little or no formal education and training can operate big businesses in the FS, but this could be started as small informal businesses and grown into big corporate outfits with the passage of time. This can be inferred from this quote. *"That [lack of educational qualification] can never discourage me. It can only discourage from starting at that big level because of the educational qualification that is required, that can discourage me. But once I can start small with that one that I have, I can grow it"* (Appendix 11 – ELECTRO). It is also argued that those without or with little formal education and training if they have the resources to start and operate big businesses in the FS, can always engage the services of educated and knowledgeable persons who would assist them to set up the business and

manage it on their behalf. This participant, for instance, expressed this idea - *“Either you further your education or you buy somebody who will help you doing the business then you sit there at the top”* (Appendix 11 – DM – ref. 1).

Other participants who argue that formal educational qualification does not matter hinge their argument on the fact that, although, such individuals may not have formal educational qualifications, they may nevertheless have some form of informal training as this quote suggests. *“..... those who do not have any educational qualification at all. If you look at especially the Ibos, a lot of them did not go to school but they go through apprentice and after which they settle them”* (Appendix 11 – CS). An even more extreme position is that in which the participant argued that, in fact, some people that have formal educational qualifications may not even perform as well as someone who did not even have any educational qualification.

On the other hand, some participants outrightly deny the possibility that an individual without education can operate a business in the FS. This participant argued that *“there are some businesses that somebody can actually do and still succeed and progress even without education”* (Appendix 11 – CB). By implication, therefore, illiterates who can neither read nor write, even if they have the resources and opportunity of employing others to work for them, cannot successfully operate their businesses in the FS. The main thrust of the argument is attempting to operate large formal businesses by uneducated people will most likely end in failure of the business (Hyder and Lussier, 2016).

An educated person without requisite experience on a given type of business is not likely to perform better than one who does not have a formal education but has prior entrepreneurial experience. However, if given time to learn on the job, the person with education is most likely to learn faster and sit-in first before the person that lacks education. Estrin and Mickiewicz (2009), citing Parker (2004) note that entrepreneurs tend to be on the average more educated than non-entrepreneurs. This agrees with the

observation by this participant that “.....*I know a few people who would say they are in a particular business, all because the society cannot afford them education, that [sort of business] wasn't what they wanted to do*” (Appendix 11- FRL). Ozer and Mitra (2012) report that “individual's formal education and labour market, managerial and entrepreneurial experience have a significant effect on their choice of entering and exiting entrepreneurship” (p. 20).

Most other studies that have examined the relationship between education and entrepreneurship report a positive relationship (see Van der Sluis, Van Praag, and Vijverberg, 2005). It is also interesting to note that the responses to this question did not reflect any bias with respect to the educational qualification of the participants. On both sides of the argument are educated and not so educated persons. Some participants also acknowledged that although education matters less, there is bound to be differences between educated people and those who are not educated. Therefore, as this participant argued, “*the level of education goes a long way to determining the form or the type of business you will do*” (Appendix 11 – ADM – ref.1).

It is logical to argue that formal education is a major requirement to be able to successfully operate a business in the FS. The reason for this conclusion is that even for the businesses that participants claim are thriving in the hands of illiterates or semi-illiterates, such businesses were started as small informal businesses that later grew big with the help of educated individuals and/or with the later development of the owners to become competent in managing them. Inference for the logic behind this argument can be found in the excerpt of the interview with RSPK as shown below.

I have uncles that did not[have much formal education], in fact, it's just yesterday they went to[school] part-time, this long distance education to now acquire degree from the university in Enugu. But they've built empires already for the family. So I know that their growth became faster even as they went to school, but that business idea, everything is there (Appendix 11 – RSPK).

At a certain level of entrepreneurial engagement, an individual's lack of education is likely to become obvious as this would tend to impact negatively on his ability to compete in the market place. Reimer's (2004) four systems of relation show that market relations conditions such as understanding markets and having access to information are critical requirements for success, especially in formal market contexts. This is even more so in the present day globalised economy. As Yong (2010, p.3) argued "Entrepreneurs who have received a better education are apt to demonstrate stronger knowledge acquisition, assimilation and transformation capability, which will facilitate their entry to different international markets".

Although there is evidence that individuals with little or no education had at different times and contexts successfully operated formal businesses, it must be noted that their lack of education has in most cases limited their access to FS benefits such as business linkages and credit (see Okhomina, 2007). In the context of this argument, it is appropriate to distinguish between experience and acquisition of formal educational qualification. Even for people who come from a background in which the opportunity exists for them to get involved in a family business, at some point, the need for formal education would become apparent.

This makes lack of access to formal education a primary source of exclusion in this context. Castano (2015) identified education as a factor that can promote entrepreneurship via development of appropriate skills and attitudes. This role of education in promoting productive entrepreneurship can also be inferred from the findings by Ozer and Mitra (2012) who found that human capital exerts a positive influence on entrepreneurship but that the magnitude of this influence was smaller in environments with less educated people.

Capital Requirement

This relates to the financial requirement for a business start-up in the FS. The amount of capital required to operate a business in the FS is an important factor that influences the decision to operate in the IS. Every small business owner in this study mentioned this as a reason that accounts for people (including themselves) setting up informal businesses. The negative impact of lack of access to capital in developing countries such as Nigeria is reflected in the level of poverty and the general inability to access finance for sizable business ventures. The interview excerpt below captures this.

When you want to start it big, you need capital. That is why some people might have the idea of starting it big but because they don't have capital, they have to start it from small-scale and if the business starts growing, it will grow to a larger one, a bigger one. Capital is one major challenge that I know that people use to have (Appendix 12 – AC).

Not only does the huge capital required for a business start-up and its sustainable operation in the FS constitute a formidable demand on resource-disadvantaged individuals seeking to operate formalised businesses, but also the conditions attached to accessing such funds from banks and other sources. Meeting these conditions has always been a daunting task for most individuals seeking to go into formal business as the next quote tends to suggest.

“Now what are the conditions in securing a loan in the banks? The conditions are very tough.apart from the conditions being tough, these banks have a very high-interest rate” (Appendix 12 – ADM – ref. 1). Accepting very unfavourable terms in loan contracts such as high interest rates, providing landed property and/or other assets of usually very high value as collateral security etc. are beyond the comfort zone of the average entrepreneur in Nigeria but is reality they must live with (see Osunde and Mayowa, 2012; Okafor and Onebunne, 2012).

It is not only privately owned financial institutions that insist on these conditions but also those government-owned banks that were supposed to finance business start-ups as this quote tends to reveal. *“.....Rather there was a time, say for instance, for you to get any*

financial assistance from government, they will ask you to go and get security that has Certificate of Occupancy...” (Appendix 12 – LUB – ref. 1).

What appears to be a very important issue that has emerged in the accounts of entrepreneurs is that discrimination and partisanship play out in the administration of government intervention programmes. This situation has resulted in excluding many who should ordinarily benefit from government loan schemes. As this participant lamented, *“BOI [Bank of Industries] will give Chikason, Inoson, [and other large firms] hundred million, two hundred million, but we that need two million [Naira] BOI will say we cannot meet up to their demand because we are still small”* (Appendix 12 – ELECTRO). These conditions represent inhibitions which ultimately exclude people from establishing formal business entities. Because of the high risk of default within this category of businesses as well as the nature of the Nigerian business environment, safeguard strategies appear to be unavoidable components of the banks’ operational style.

It is imperative for banks to apply certain conditions considering the risk factor in extending credit to small businesses (especially in Nigeria). However, insisting on these conditions would mean that majority of small business owners or potential entrepreneurs in this category would not be able to access funds from these banks since they cannot meet the conditions. It may seem logical to believe that the complaint about discrimination is only legitimate where it concerns government-owned financing institutions. Meaning that the only possible blame that can go to commercial banks is where a bank turns down a loan request from current and potential small business owners because of the usually low returns in such transactions.

Unfortunately, the situation may not always be viewed from this angle as ultimately, such discriminatory conditions lead to exclusion from economic opportunities. Seeing it from the profiteering tendencies of corporate entities, some may probably argue that the banks can develop other more socially responsible mechanisms for dealing with loan default

rather than using pre-emptive discriminatory conditions that leave people with no choice than opting for informal business. Okafor and Onebunne (2012) adduce the reason for banks extending small amounts of loans rather than full loans to small businesses as an attempt to minimise the perceived risk with this category of businesses.

Financing institutions are categorised in sizes in line with the financing needs of businesses. In other words, small and micro businesses have been factored in on this categorisation scheme with the establishment of microfinance banks. This also has not helped much for at least three reasons. First, small business owners feel that the interest rates are usually too high for sustainable business. Second, the time-frame for servicing the loans from microfinance banks are usually too short for small businesses to make profitable use of such funds. Third, participants have also insisted that the amount of funds they can access from microfinance banks is usually too small to meet their financing needs for expansion. The interview excerpt with IBS below reveals this.

No bank that have accepted of soft loan of one [offering soft loan to us], because like other countries like Brazil, Italy, even this China, they give them soft loan to pay in twenty years, thirty years, but here in Nigeria, it is not happening. Even where you go to micro finance Bank to access [loan] of 100,000 naira, they will give you ultimatum of five weeks to pay (Appendix 12 – IBS).

With the big government financing institutions, such as the Bank of Industries (BOI), the complaints of discrimination and unfairness appears to be legitimate since part of its mandate is to finance SMEs expansion. Introducing draconic conditions for accessing funds is perceived as a systematic way of excluding small business owners from benefiting from such government schemes that would help them to formalise. These findings tend to confirm Sen's (2015) position when he noted that, "The outcome of social exclusion among the excluded groups depends crucially on the functioning of social and economic institutions through a network of social relations and the degree to which they are exclusionary and discriminatory in their outcomes" (p.2). Some small business owners have argued that, considering that an individual requires a gestation period for the business

what are these potential entrepreneurs supposed to do? There ought to be a programme of government that provides some forms of financial leverage for small businesses during their gestation period in order for such businesses to survive.

Although such a scheme is provided in a few incubation centres across the country, it is inadequate to meet the capital requirement. Very few people benefit from such schemes while others are left to take their own destinies in their hands as this participant contends.

“.....you keep funding some people while some people cannot even access funds.... Like for a lot of businesses, the banks are not willing to help at all. If you don't have the money, you don't have a choice but to go down to the informal sector” (Appendix 12 – SMJ).

This, therefore, is a major reason people choose to engage in small informal businesses since the low scale of business and financial requirement, in this case, fits better with their informal sources of financing. Participants argue that they would use the little amount of money they have to set up a small informal business rather than spend it on following up loan applications that are hardly successful. Okafor and Onebunne (2012) again report that most small businesses do not bother themselves with seeking FS funding because of the limitations in their operations.

The implication, therefore, is that most of the entrepreneurs would choose to start their businesses informally to avoid the costs associated with formal operation since they have limited capital and cannot access funds from formal sources. In this participant's view, *“People can just decide to do street hawking and won't mind whether it is against the law or not. They won't even pay tax because they feel they are being neglected and not carried along in govt. programmes, thus forcing them to struggle on their own”* (Appendix 12 – APR – ref. 1). Mair and Marti (2009) argue that not only is it important to develop institutions that would make markets functional but that such institutions should be designed for inclusive participation in such markets. Such institutional reform or developmental programmes should emphasise training entrepreneurs to help them develop

requisite credit evaluation skills for processing loan applications (See Poutziouris, Wang and Chan, 2002).

Product/Process Quality and Regulatory Standards

The ability of entrepreneurs to meet the requirement of quality standards in the FS is found to have impact on their decision to choose informal business. Regulatory agencies having the oversight for particular categories and types of businesses require such businesses to meet minimum quality standards. For example, in the manufacture of food and beverages, firms are required by NAFDAC to meet specified quality standards. The same applies to companies manufacturing roofing sheets and other building materials, for instance, in meeting with the quality standards specified by the Standards Organisation of Nigeria (SON). It can be seen from this quote that participants understand the role regulatory agencies are supposed to be playing. “.....*Then coming to this NAFDAC of a thing and the SON, it is true, I know that they are there for quality control and as in to make sure that the goods we bring to the market are of good quality*” (Appendix 13 – LUB – ref. 1)). However, for resource-disadvantaged entrepreneurs, especially those in manufacturing, such quality standards are hardly attainable, thus prompting the operation of businesses informally.

A major problem with meeting these quality standards lies in the huge financial involvement for acquiring the necessary machinery and equipment small businesses are mandated to own as part of the conditions for registration with agencies like NAFDAC and SON and getting their vetting. Here again, the nature of lack of access to finance as a mechanism of exclusion is highlighted. The same argument regarding the problems militating against registration with CAC as well as tax payment is forwarded here by participants. How are new start-up businesses expected to afford the cost of acquiring all the specified machinery and equipment as well as pay for the registration with these

agencies? The account of this participant's experience vividly brings out this scenario as shown in the excerpt below.

.....we wanted to register with them [SON], they said that we should buy, em....., is it, what is it called, visicometry, visicosity viscos meter and things like that and we priced it. It's not even something that we can acquire here in Nigeria, you have to import. When we negotiated with Indian people that will send the machine to us, it's over 3million [Naira]. So what's the need of calling us a small business company? You know that we don't have such amount of money but they will impose it on you, they will force you (Appendix 13 – LUB – ref. 2).

A difficult question to answer relates to whether in contexts such as this the option of doing away with enforcement of formal constraints would serve a society's purpose better. Williams (2014) noted that instances when the objective is to simplify compliance in relation to business start-ups, then de-regulation might be a better option. This would legitimise the activities of informal entrepreneurs at this stage of the business life-cycle. These arguments lend support to the neo-liberal thesis that over-regulation cause informality (De Soto, 1989).

Small businesses' capacity to meet these quality standards again has a link with lack of access to capital and shows how these issues are interwoven. Depending on informal sources of financing business invariably means that such businesses would almost always be restricted to the IS since they can hardly access enough funds through these sources to meet the required standards for business formalisation. These issues which are quite complex are further complicated by the high level of ignorance on the part of most small, micro, and family business operators regarding the role and limits of government in private enterprise. The complexity of the situation, inferring from the views and comments of the participants, as well as the personal observation of the researcher, is demonstrated using the case of one of the participants (SY) who produces and sells Soy milk.

SY who for a long time tried to access business funds from formal sources but could not eventually succeeds in getting her husband to fund her business start-up with the sum of

fifty thousand (50, 000) naira. This amount is just about enough to buy the basic raw materials to start her production which is done through a manual process. She does not have extra money to buy basic equipment for her production not mentioning those required by NAFDAC to meet required quality standards. SY devised a local and manual filtration process and uses a section of the courtyard of the building her family shares with other families as the production site.

This way, she needs to operate in hiding, although she is meeting the Soy milk needs of her locality. Because she operates in hiding, and at the same time the quality of her product is low (or even suspect), her customer base is also low, since she is yet to enjoy sufficient patronage. This makes her income not large enough to contribute to her family up-keep and at the same time save to acquire the machinery and equipment required for NAFDAC registration. Unfortunately, she cannot in her circumstances even qualify for government and other formal sources of loan or grant because of the conditions required. This vicious circle then continues, meaning she is locked-in in the IS. The excerpt of the interview with SY below is a reflection of the dilemma faced by SY and others like her.

.....like NAFDAC and SON..... because of finance and you know to register [with] NAFDAC is not small money. It costs a lot of money, so I can't provide the money now because I know that I will register for this NAFDAC, but now there is no money for it.....Because to register [with]NAFDAC [requires] much money, SON the same thing. So, financial problem can make somebody to do business outside government law (Appendix 13 – SY – ref. 1).

Other participants corroborate the claims by SY, particularly regarding how low product quality affects patronage, which forces them to continue to remain informal. As explained above, without the required patronage, these businesses may never be able to earn enough income and be in a good position to meet the quality standards required by the regulatory agencies. It should be noted that the argument regarding lack of patronage presented here does not contradict the other arguments which suggest that patronage of informal

businesses is one of its legitimising factors, as well as the fact that patronage is due to the lower cost advantage of informal businesses.

As true as these two later arguments are, they do not contradict this third finding of the effect of perceived low quality on patronage. Cost savings permitting selling at lower prices and the consequent patronage in most cases only helps to keep small informal businesses afloat. This must be viewed from the understanding that the cumulative volume and/or monetary value of sales to low-income consumers would be low relative to the high volume of sales that would have been achieved with large or corporate customers, but which is lost because of quality concerns as this quote tends to suggest. “.....*big businesses believe in importation. Even when they know that we can give them 70 percent of what they want, they will rather take 10 percent from us and import the remaining 90 percent... saying we don't have the capacity to give you[them] the quality*” (Appendix 13 – NSP). The Pareto principle suggests that 20% of customers could account for 80% of sales volume and vice versa. This tends to confirm the perceived lack of FS/IS linkages.

Because of the poverty associated with certain classes of people in the society (which essentially constitute a market niche), these low-quality products still enjoy considerable patronage, given appropriate marketing strategies such as pricing. However, access to larger markets is what is required to bring IS operators out of the poverty trap thus enable them to meet required quality standards to operate in the FS. Therefore although, the FS by its requirement of quality standard denies access to the sector, large FS firms have a responsibility to develop linkages with IS operators that would help them secure large volume sales needed to meet required quality standards in the FS. This interview excerpt coming from a government official corroborates the claims of the small business owners.

.....a lot of them [large firms] too still complain that some of these products they need from these small businesses are below standard – it is not to their own specification. But I think if they specify what they need to small businesses, they will equally provide it for them. And that is why a lot of them [large firms] tend to engage in importing what they need (Appendix 13 – SM – ref. 1).

Therefore, a major reason for operating in the IS is not being privileged to access those economic assets required to operate a formal business. For small businesses to attain the status of formalisation, so much is required in terms of capital outlay. This primarily determines the business' ability to assume the statutory obligation of tax payment; invest in R&D and machinery to meet required quality standards, etc. The first point is the ability of the small business owner to meet the statutory legal status which involves registering with the CAC. Given the circumstances, most small business operators deliberately choose to operate informally. They do so to avoid the demands of these regulatory agencies to comply with statutory quality standards, at least for the time being. Ruffing (2006), like De Soto (1989) contends that businesses have been sentenced to the IS because of excessive regulations and that in so doing, they are denied FS benefits.

5.3.2. Deprivation of Societal Level Needs

In this section, the analysis is focused on the second among the two partitions describing specific mechanisms of social exclusion along which the research findings are analysed and discussed. These represent societal level needs such as public services which in most cases are not within the reach of individual capacities. These types of deprivations are mainly generalised and not discriminatory in nature. In so many ways, this has been found to significantly influence entrepreneurs' attitude regarding operating a formalised business. The excerpt of the interview with HTY is used to provide an insight into the relationship between this form of deprivation and individuals' decision to engage in informal economic activities as presented by participants.

We are still talking about provisions here – provision of amenities, provision of funds, provision of security etc. A lot of other factors, you know, that underplay. For somebody who wants to do a formal business, there are a lot [of things] that have to be done..." (Appendix 14 – HTY).

The analysis in this section covers how deprivation of basic infrastructure and public services influence an individual's decision to choose the IS.

Lack of Capacity in Providing Infrastructure/ Social Services and Other Rights and

Entrepreneurs Preference for the IS

In every society, citizens normally think of the relationship between them and government in terms of mutual or reciprocal expectations and shared responsibilities (see Kinnear, 2000; Heyman, 1991). Specifically, the expectation on the part of the state that people should perform their civic responsibility of paying taxes goes with a corresponding expectation that the state would actively utilise such taxpayers' money to develop the national infrastructure, and at the same time provide basic public services as expressed in this quote. *"...it is expected that what you are paying to government, in turn, government is giving you certain security"* (Appendix 15 – FSH). However, in Nigeria, many factors militate against the ability of the state to live up to these responsibilities as this government official confirms in the interview excerpt below.

If you look at it, I must say that government has not been fair to them.....because the support is not there. A lot of the small businesses are a government on their own. They provide their own power because you know here, we have infrastructural challenge, especially in terms of power, good roads and so on, and so forth (Appendix 15 – SM).

A rather compelling argument forwarded by most of the participants is that they should not be expected to comply with government laws and regulations if government has failed to meet their part of the reciprocal obligations. That is, they believe that government has not fulfilled its responsibility and has not been able to meet its own part of the obligations. It is a compelling argument because, implicit in the views of virtually all the participants is the contention that, if small business owners have to assume what ought to be government's responsibility, then what would government use the tax-payers' money for.

This has a very direct effect on aggravating informal entrepreneurship and circumvention of laws and regulations generally as this participant argued. *"....if I am obeying the law and the laws are working for me, there is nothing that will make me not to obey the law. If*

I am a law-abiding citizen and whenever I need the law to act for me and the law is also acting for me, I will not do anything against the law” (Appendix 15 – RC). The implication of this statement is that the decision to circumvent regulations (in this case to operate one’s business informally) is a direct behavioural response to government’s non-responsiveness to the needs of business entrepreneurs.

Moreover, entrepreneurs feel that because the money they are expected to pay as taxes is not used by the government to provide infrastructure, social services, and an enabling environment for the operation of their businesses, they are forced to provide these themselves. Therefore, rather than spend their money on tax, they would use the capital to provide what government has failed to provide. Here is what one participant said in relation to the above issue.

Okay, now, we are paying the security by ourselves. We are doing everything here with our own money, the local government is not...., the government, we are not, depending on government. So for anybody to come and tell me he is a development officer, we should pay this, this or that, that person is getting me angry. Is it not the money I am supposed to pay to government that I now use to provide facilities by myself? (Appendix 15 – IBS).

Among the specific social services and infrastructural provisions that participants have mentioned as government’s responsibility are roads, water supply, security services, and electricity. The inability of the government to provide its citizens with these basic facilities and social services in Nigeria has over time become something that people have learned to become accustomed to. Business people, for example, have become accustomed to providing for themselves security services; build for themselves access roads; drill boreholes to provide water to meet the water needs of their business; and acquire electricity generating plants of various sizes to provide for themselves electricity, depending on the size of the business (Obokoh and Goldman, 2016; Okojie, 2009).

Bodea and lesBas (2014) have noted how informal institutions such as vigilante groups are relied upon among Nigerian communities for security. Bodea and les Bas (2014, p. 2)

directly support the findings in this study with the conclusion that “In Nigeria and other low-capacity states, public goods are provided at suboptimal levels, and communities and individuals often engage in ‘self-help’ provision of such goods. The huge cost of self-provisioning by businesses impacts negatively on critical growth dimensions (Obokoh and Goldman, 2016; Nwankwo, 2000) and are therefore capable of influencing the business decisions of entrepreneurs.

In most cases, businesses experience serious hiccups and even collapse just because they are not able to afford the cost of providing themselves with these facilities and social services. Some start providing themselves but subsequently face the sad reality that this is unsustainable. Small business owners, especially would rather choose to operate informally where they can more easily circumvent government laws and regulations and evade taxes as a cost reduction strategy. This way, they say they operate more profitably because of the cost-savings that they enjoy. Cost-savings is, therefore, a direct benefit of circumventing government laws and regulations and evading the payment of taxes in the context of lack of access to basic public services. This fits into the rationality view of informality (de Mel, McKenzie, and Woodruff, 2013). However, the effect of perceived low quality and lack of access to FS benefits earlier discussed invariably offset this low-cost advantage. Nevertheless, the poor state of infrastructure and social service provision by the government still increases the attractiveness of engaging in informal economic activity for the reasons mentioned above.

Claims of government’s inability to meet the business needs of entrepreneurs are often to some extent corroborated by government officials themselves. However, in some cases, government officials have tended to be defensive on the question of addressing the agitations of small and micro business owners, just like this participant did. *“....government’s business is to create the enabling environment. A lot of times they [business owners] have a lot of expectations but we [government agencies] are working...”* (Appendix 15 – C&I – ref. 1). Small-scale entrepreneurs on their part insist

that governance failure cause them much deprivation. The same argument has been forwarded by participants in different ways but the interview excerpt below considerably captures the central issue regarding the need for infrastructure.

The same boils down to the fact that government has not made such provision for them. For example, if you must do business, certain business like what we do here, you must create water supply for yourself, which in some other climes in the world, government makes those provisions for any business man or woman. They make provisions of water. They give you water. Like here, most of us, we don't have even road to where we are doing our business but we try to make sure that we find a way that our customers will come to where we are doing our business (Appendix 15 – HTY).

Exclusion from other basic rights such as legal rights (right to justice and protection of property rights), for example, have also been bases upon which individuals evaluate the merits or otherwise of choosing informal entrepreneurship rather than operate their business in the FS. Failure of governance reflects the inability of the state to provide these basic rights of citizens. Because, for instance, right to justice and protection of property in most cases cannot be secured, informal dispute settlement options are opted for. Since the IS by its mode of operation is based on a reliance on informal systems of cooperation, this sector naturally becomes a good alternative in a context of such deprivations.

5.4. Personality Traits

Personality trait is a strong determinant of what people do. Psychological traits, therefore, are among the many variables that should be examined to investigate why people take certain decisions related to entrepreneurship. The questions raised were related specifically to three personality dimensions – need for achievement, risk-taking, and internal locus of control – which are more often featured in entrepreneurship research (see Paunescu and Cantaragiu, 2012; Chell, 2008). The findings accordingly reflect these dimensions which individually constitute the sub-themes in this section. The structure of the analysis and presentation of findings is graphically illustrated below.

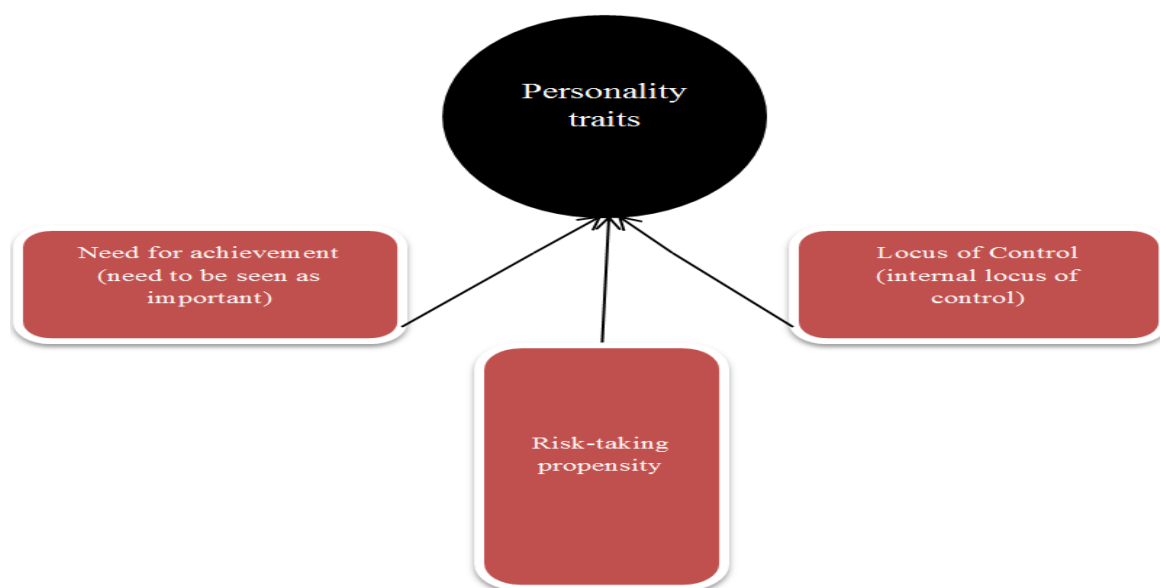


Figure 5. 3: Structure Of Analysis and Findings Relating To Personality Traits

Findings related to each of the personality variables mentioned above would be presented to see how they potentially influence an individual to choose operating business informally.

Two major criteria that participants in this study have used to define informal business, which also fits into what is in the literature, are (1) circumvention of tax and other formal regulations, and (2) the size or scale of business operation. Therefore, the findings in this chapter would be presented in relation to these two features of informal business activity.

In other words, the focus is on finding out if any of these personality traits either influences the individual to evade taxes and circumvent government regulations or makes the individual prefer businesses whose scale of operation fit into the description of informal business. However, the influence of personality traits on the decision to engage in informal entrepreneurship is also mediated by the individual's personal circumstances. The analysis begins with the need for achievement.

5.4.1. Need for Achievement and Choice and Preference for the IS

The findings presented in this section centre on one aspect of the need for achievement personality trait - the need to be seen by others as an important person. This is related to status orientation. (see Martincová, Andrysová, and Trubelíková, 2016; Smith, 2015; Schuller, 2000, Cassidy and Lynn, 1989). The presentation of findings is as shown below.

The Need to be Seen as Important.

The views of participants regarding the relationship between the need to be seen by others as being important and the decision to operate business informally are incidentally divergent. Whereas some believe that this need could make an individual decide to operate a formal business, others argue that the need to be seen by others as being important, if at all it plays any role in this context, is something that has to do with individual differences. One participant, for instance, contended that *"there are people that have that personality but they still choose to disobey government laws. There are also people that have such personality and they choose to do, follow through, you know..., business laws, rules and regulations". [It] depends on the person, yes, depends on the person"* (Appendix 16 – CS).

Those who contend that individuals who desire to be seen by others as being important would prefer to establish formal businesses hinge their argument on the logic that those operating their businesses informally face the risk of being caught. Being caught is something that will not be pleasant to anyone who desires to be regarded as an important person, considering the effect on his/her image. These two observations in turn, are based on the reasoning that the desire to be seen by others as being important is associated with becoming a public figure, which makes one to be known by government and the public in general. All the points raised to the effect that desiring to be seen as an important person will influence a person to play by the rules are encapsulated in this participant's argument

that “.....*the name that you are craving for yourself in the society, you don't want people to hear that you are evading tax*” (Appendix 16 – ABS).

Additionally, participants holding this first viewpoint argue that those who operate in the IS are people who live a simple lifestyle and who, in the words of a particular participant, “*take life as they see it – they don't feel pompous*” (Appendix 16 – AE). Meaning that for someone who is driven by the need to be regarded by others as an important person, the IS would be the least desirable choice. Also, starting one's business as a large business venture is more likely to lead to the achievement of the need for others to see the individual as being important. Finally, those with a strong drive to be seen by others as being important, by virtue of their vocation, would feel that starting a business venture as small rather than as a large outfit would amount to battering their ego. This is captured in the excerpt below.

CAI: He or she wants people to see him as an important person, and seeing you as an important person will want to influence you to go for bigger businesses, not smaller businesses because of the effect on his or her ego (Appendix 16 – CAI).

The fundamental logic underlying all three arguments above is that you cannot desire to be seen by others as being important and go on to start a small obscure informal business venture. Again, these observations have been made by participants that are educated and those that are not so educated. Therefore, the arguments cannot be partitioned on the basis of their intellectual divide. Whether these arguments can stand the test of intellectual analysis is a different matter altogether. Presented below is an excerpt of interview with the other body of evidence to back the analysis above.

Ordinarily, if I want to be seen as an important person, I won't hide, ego does not hide. It will even make me to go and borrow money if I know I cannot manage to start one big thing [business] tomorrow [in the future] (Appendix 16 – RSPK).

The point here is that the need to be seen as an important person by others is at variance with the mode of IS operation which is mostly characterised by avoidance of public

scrutiny. Moreover, because not complying with government laws and regulations limits an individual's freedom of initiative and general economic freedom, such a person cannot categorically position his/her business and/or product in the market as this participant argued. *"Because when you operate informally, you have limits to what you can do and where you can go. For example, you may not have a signboard to advertise your products"* (Appendix 16 – VTO). He or she cannot for instance, freely operate a signboard to advertise his or her business profile. Williams (2014) has noted that it is a difficult task to try to grow one's business without being able to openly advertise it.

The viewpoint of the second category of participants follows a logic which tends to suggest that an individual who wishes to be seen by others as important would, if constrained by circumstances to start a large formal business, be willing to take up any form of economic activity no matter how small or commonplace such a business may be. It is argued by participants that it is such people that are likely to command more respect from others. The reason they are respected is that most times such persons endure all sorts of things and persevere until they are able to grow their business to enviable heights. The following interview excerpt is an example of one such argument.

In small informal businesses, because the customer is always right and since you deal with them one on one, you will receive insults and you won't have to bother about what people do to you or say to you since you just want to make your money or profit (Appendix 16 – FRL).

Considering that individuals who are driven by the need for achievement tend to have optimistic rather than a pessimistic attitude and are responsible and persistent in pursuit of aims (Caird, 2013) such individuals are likely to undertake even menial forms of economic activity irrespective of how demeaning they may be at the present time in view of future targeted goals.

The third category of participants either do not believe that personality traits of the individual has any significant influence on the individual's choice of operating business in the FS versus IS, or simply that if it has any influence, this cannot be generalised. For

instance, while one person's need for achievement might have been borne out of an inherent nature of arrogance, for another person, it may be out of a sincere and humble attitude of wanting to use his position of influence positively. The following excerpt of the interview with RSPK explicitly brings this out.

I feel that humility is the best way to go about things because if you are proud or arrogant or you want people to see you as important, you might not be able to go far in business because is not everybody that will be able to tolerate that kind of attitude. A person can seek to be important but he can be humble or arrogant [the person may have either of the two attributes] (Appendix 16 – AC).

The evidence, as shown above, suggests that the intrinsic need of an individual to be seen by others as being an important person influences people differently in the context of the decision regarding the adoption of an informal mode of entrepreneurship. This can be inferred from the differences in the views of participants. These differences in participants' views tend to suggest that the nature of the influence of this personality trait would differ from one individual to another depending on their circumstances. Understanding that participants' views are in reality a reflection of their own individual personalities, it may be logical to conclude that having these divergent views indicate how this personality trait would influence people individually, and in different contexts. In fact, everyone is believed to have some level of the need for achievement (Jagacinski and Duda, 2001, in Paunescu and Cantaragui, 2012). If this argument holds true in every context, then it means that individuals who engage in informal economic activities are also driven by the need for achievement. A simple way to present this argument would be that the need for importance could influence an individual to either operate business formally or informally depending on his/her circumstances.

Undertaking informal economic activity by an individual who is driven by the need for achievement appears only to be a means to an end. For instance, some participants suggest that for some, the informal business they undertake might just be a test-run sort of

undertaking which might subsequently metamorphose into a big formal business. This motive has also been mentioned by Williams (2014) and Williams and Martinez (2014). An individual who is driven by the need to be seen by others as an important person would ordinarily wish to establish a large formal business that helps him/her to fulfil this need. Nonetheless, if the circumstances are adverse and he/she cannot start his/her business at this level, the same need for achievement can prompt him/her to start small in the IS with the hope of growing his/her business. This personality trait in this sense becomes a good predictor of an individual's likelihood to exit the IS at some point in the future. This position is also corroborated by Williams (2009) who found that informal entrepreneurs in Ukraine wish to formalise their business at some point because of the drive to fulfil their esteem needs.

Gurtoo (2009) citing McGrath and MacMillan (1992), and Wiklund and Shepard (2005) observed that "In comparison to others, entrepreneurs believe in taking initiative, are more willing to take charge and direct others, are positively oriented toward adaptation and change". These qualities, therefore, are likely to motivate an individual to take whichever route he or she believes would ultimately lead to achieving his objective. This evidence, however, needs to be examined against the overwhelming belief that individuals motivated by high achievement needs would prefer challenging and competitive work (Paunescu and Cantaragiu, 2012; Rishipal and Jain, 2012; Mc Clelland, 1961). First, the IS is characterised by a high degree of competition. Additionally, informal enterprises by their nature inherently involve challenges and complexities that may well fit the descriptors of the need for achievement motivation as indicated above.

Another point is that individuals who aspire to be important and consider achieving this through entrepreneurship, but cannot meet the conditions of the FS may choose informal entrepreneurship as growth route. Matricano and Sorrentino(2014) citing Giacomini et al (2011) are of the view that, "Through the exploitation of an entrepreneurial opportunity, they [opportunity entrepreneurs] aim to increase income, be autonomous, create their own

jobs, have no boss and develop new products/services or processes” (p.3). Viewing achievement motivation, not as something fixed or a constant but as a dynamic construct (Paunescu and Cantaragiu, 2012; Zhang and Bruning, 2011) helps in understanding this argument better.

Moreover, these authors’ definition of need for achievement as “the inclination towards behaviours valuable for achieving current and future business goals” further reinforces the argument. This definition provides the understanding that the need for achievement, when expressed in a given decision or course of action, may not necessarily be for the present, but rather for future goals or targets. It means that an individual may start a business venture as a small informal enterprise being driven by the need to achieve some future grander goals. The excerpt of the interview with IZ shown below represents one example of this viewpoint.

Eh, that person can do so [small informal business]. Because he may not be able to do the formal one, uh, may be he fail to meet that one [formal business] and then he now decided to do the informal one.....As much as he is alive, eh, he will continue. Like me,I have even sell[sold] bread, I have even sell [sold] drinks,but I keep on riding. I now come into production (Appendix 16 – IZ).

There could be a lot of other different reasons like this one. Also, an individual may wish to start a big formalised business from the outset because of a strong drive for importance, but because his or her financial capacity is low, the IS then becomes the only possible starting point to achieve this purpose. In both cases, the individual has the intention of exiting the IS at some point. One participant, in fact, referred to such quality of being able to go against the odds of financial constraint to begin at such a low scale and move up the ladder as a form of risk-taking. In the next section, findings relating to risk-taking as a personality trait are presented within the context of the choice of informal mode of entrepreneurship.

5.4.2. Risk-Taking Propensity and Preference for the IS

Although, the size of a business venture may sometimes suggest a low risk-taking propensity of an entrepreneur, nonetheless, every business undertaking involves a certain level of risk. But beyond this, risk-taking in informal economic activity needs to be examined in the light of the peculiar nature of this mode of entrepreneurship in order to relate it to the existing literature of traditional entrepreneurial risk-taking. This is because risk-taking associated with informal economic activities is in a particular sense different from risk-taking in the conventional entrepreneurship literature. The findings in this study suggest that informal business undertaking involves additional risk-taking not currently in conventional entrepreneurship literature as portrayed in this quote. *“People that do small business that don’t obey the law are people that used to take risk. Some succeed but some go down from there [operating business outside formal institutional boundaries]”* (Appendix 17 – FSH).

Although research has been directed at the consideration of various aspects of the relationship between entrepreneurship and risk-taking, these efforts are yet to consider specifically informal entrepreneurship. Rauch and Frese (2007) report a small but significant relationship of the propensity to take risk and business creation and success. From the views of participants, it seems logical to consider the act of operating a business outside formal institutional boundaries as a form of risk-taking.

While some participants consider circumvention of regulation as a form of risk-taking, others tend to associate this behaviour with criminality. Those who consider it a form of risk-taking believe that it is only someone who has the natural tendency to take risk that can risk forfeiting the little he or she has as expressed in this quote. *“Some people will be doing [producing without official registration] pure water [packaged sachet water], ... if NAFDAC catches that person, all the money you [the individual in question] has ate [earned] for that six months, you [he/she] will vomit all of them. Don’t you see it’s a risk*

for them?” (Appendix 17 – ELECTRO). In other words, participants have argued that since serious penalties (either official or unofficial) could be imposed on individuals when caught evading taxes or circumventing government regulations, this informal business approach amounts to risk-taking.

The individual could lose every little asset he or she has managed to acquire. This is even more so, considering the financial constraint that business operators in this sector normally face. Webb et al (2012) describe the decision to exploit opportunities outside of formal institutional boundaries as borne out of an individual’s propensity to take risks. This aligns with the literature that at the general level, the qualities of confidence and willingness to accept risks are traits that have been associated with successful entrepreneurship (Wadeson,2006). The argument that informal business involves risk-taking is captured in the interview excerpt presented below.

Is a heavy risk, because if you are doing your business without obeying government law, as I am here now, if I did not pay Obio-Akpor, I won’t stay here..... those who are doing business without obeying government laws are also taking a risk of a different type. So the difference is the motive behind the risk (Appendix 17 – V).

However, the foregoing argument brings to light the significance of the ‘context’ as a factor that determines the extent of risk involved in operating outside formal institutional boundaries. In Nigeria, the risk involved in informal entrepreneurship would probably be minimal in most cases considering the possibility of easily paying your way through in the event that one is apprehended by enforcement agents. The system has in it certain embedded escape routes in such situations. Penalties for tax evasion and circumvention of formal regulations have a different connotation in the Nigerian context where enforcement tends to manifest in the form of corruption and extortion (Nwaokugha, Nyewusira and Nyewusira (2013). You either do the bidding of the corrupt enforcement agents or forfeit some asset of considerable value. In other words, what is supposedly official penalties almost always translate to unofficial and illicit transfers to corrupt government officials.

Beyond the understanding provided above regarding examination of risk arising from circumvention of regulations, other types of risks exist which tend to be mostly applicable to the context of IS, particularly in Nigeria. For example, another pertinent point that emerged from the views of participants is that risk in the IS can be inferred from an individual's vulnerable situation, not being protected by the law and not being in a position to enjoy formal benefits. Since operating a business outside of the law implies that the individual is not protected by the law, the individual faces the risk of losing assets if he or she is duped since in most cases, contracts or business transactions may not be formalised. Also, unlike formal businesses, businesses operated outside the law would most likely operate without insurance cover, and therefore could lose every little asset owned and would not have any buffer. The fact that they also cannot rely on relief from government makes such a business approach risky. PRL's observation below tends to encapsulate these arguments.

I personally believe that it is a risk running your own business without government involvement or when it is not in line with govt. policies and regulations. It is a risk because you don't have anybody that you can look to when your business makes you cry. In fact, even your clients too know that you are doing that business without govt. approval so a client can dupe you, he can cancel your contract, the person can do anything. I think I have I had that kind of case in business and I lost money (Appendix 17 – PRL).

It is important to look at risk-taking as a process of trade-offs. For instance, from PRL's interview excerpt above, it could be seen that the individual is trading off the benefits of complying with government regulations against the benefits of operating outside institutional boundaries. If the individual considers that complying with laws and regulations would be too involving in terms of the financial obligations that come with it, he or she may be willing to risk not enjoying formal legal protection if, for example, a business associate dupes him or her.

Among many other risks associated with informal entrepreneurship, Williams (2014) identified lack of access to health and safety standards. This is typically true in the

Nigerian context where the institutional framework, to begin with, is not supportive of entrepreneurship. Informal entrepreneurs operate under unhealthy and unsafe conditions. What this means is that the risk-taking ability of individuals is a relevant factor that influences them to choose informal modes of entrepreneurship. In fact, Falco's (2010) finding that risk-averse individuals are more likely to seek formal jobs and less likely to enter the IS points to the risk factor associated with the IS.

Another participant (OPY) has gone further to also add the element of the time expended and rigour involved in complying with laws and regulations as a factor that could make an individual take the risk to circumvent them (see De Soto, 1989). An individual would only do this because he or she is a risk-taker. Therefore, the argument presented is that an individual could choose to operate this informal business strategy because of his or her risk-taking ability. See the interview excerpt below.

I think that [risk-taking trait] might make him want to disobey government regulation. I think so because he is a risk taker, so he might also want to risk succeeding. Because of course if you want to obey government regulations most times, is not going to be easy because it might make you spend more money, it might make you go through a longer process, a longer time (Appendix 17 – OpY – ref. 2).

OPY's observation above brings out the idea that big businesses can still operate informally by way of evading taxes and circumventing government laws and regulations. It clearly makes the distinction between economic risk and risk associated with tax evasion and circumvention of government laws and regulations. In this case, it is risk-taking related to circumventing laws and regulations. Going by what participants have said, even large businesses evade taxes and circumvent government laws and regulations and is in line with one perspective of the IS debate which suggests that IS should be viewed in terms of a continuum rather than in terms of dual dichotomies.

As a means of shedding more light on the forgoing issue, OPY'S view about risk-taking is compared with that presented by RSPK as shown below. This further highlights the

distinction between two types of risk-taking in big businesses in relation to the law. Whereas in both OPY's and RSPK'S descriptions, risk-taking may be in respect of the resources invested in a new business venture (see Sexton, 1996), OPY believes those operating such businesses may also not obey laws and regulations, which itself constitutes risk-taking. RSPK on the other hand believes that risk-taking in terms of investment of huge resources may be done with the operators of the business at the same time complying with laws and regulations. That is, in RSPK's conception, the possible risk of losing one's investments is what would, on the other hand, compel the individual to comply with laws and regulations. See the interview excerpt with RSPK as presented below.

They will obey government laws because the more risk you take is the more investment you make, and if you don't want your investment to fiddle away, you have to obey every necessary law. Circumventing law itself is very risky. It is something that somebody intentionally decided not to observe and obey. So most times not obeying government law is,.... there are people who are experts in it, and anybody who is an expert in it or who sees it as a normal thing to do has that as a trait (Appendix 17 – RSPK – ref. 2).

The analysis above shows that risk is viewed in relation to the negative consequences to the individual of circumventing government laws and regulations (Webb, et al, 2012). This could be because an individual may be constrained financially and therefore considers such obligation as an extra burden that can be avoided. Indeed, Falco (2010) found income uncertainty to be higher in the IS. Risk may also be viewed from the perspective of losses that an individual can potentially suffer from resources invested in a new business venture or project (Sexton, 1996). If however, the entrepreneur decides to evade taxes and circumvent government (formal) laws and regulations then this adds to the level of risk which the entrepreneur would be facing. The singular factor that makes this business strategy informal is tax evasion and circumvention of government laws and regulations since this constitutes a major criterion for defining informal economic activity (Sutter et al., 2017).

Another completely different argument is again presented to reinforce the preceeding

argument regarding the peculiarity of risk-taking in the IS. Some participants have argued that individuals who are willing to take the risk of being ridiculed by friends, relatives, and others for engaging in peasant or micro forms of business ventures are risk-takers. The logic in this argument lies in the fact that in certain instances, a risk-taking oriented person who desires to establish a large business undertaking may be financially incapacitated. In such circumstances, it is the entrepreneurial spirit or risk-taking propensity of the individual that propels and provides strength to stoop low into small-sized informal economic activities from where the individual hopes to achieve his breakthrough. See the interview excerpt below.

Of course.....a risk taker can decide to do anything, they will take risk to do any kind of ridiculous.....like somebody who has a master's degree and decided to sell tomato by the road side. That is a risk. The risk involved is that the person is ridiculing his/her academic qualifications. But in as much as a positive risk taker is concerned, that is just rather a stepping stone for the person, It is a risk because you lower your level. You stand a chance of being ridiculed by people who knows you..... because he has an aim to reach somewhere (Appendix 17 – CB).

Some participants take a middle position. Their argument, in this case, is that every kind of business undertaking involves risk. Therefore, whether the business is small or big, the entrepreneur is believed to be taking a risk. This argument finds support from Paunescu and Cantaragui (2012) who consider risk-taking as an integral part of decision making. This can be related to the earlier analysis that the business strategy of evading taxes and circumventing government regulations constitutes risk-taking.

Also, considering that small informal businesses are not legally protected and cannot enjoy the benefits associated with formalisation, it becomes clear that small business owners also face considerable risk, if not more risk, in operating their businesses informally. Presumably, introducing the three elements of risk identified by Yates and Stone (1992) is pertinent in this context. If some element of risk is present in every decision situation then it is perhaps more appropriate to consider the potential losses, the significance of those losses, and uncertainty of the losses. In the context of informal economic activity, it seems

that all of the three elements are significant issues. In conclusion, the evidence in this study tends to suggest that risk-taking in different contexts influence the decision to establish a business in the IS.

5.4.3. Locus of Control and Preference for the IS

Locus of control is the third personality trait in which findings in this study are examined to see if it has any relationship with an individual's decision to operate in the IS instead of the FS. Locus of control is conceptualised as a two-dimensional construct consisting of the internal locus of control and external locus of control (April, Dharani and Peters, 2012). However, because in examining entrepreneurship phenomena, the internal dimension of locus of control has been emphasised, this has been replicated in this study. Therefore, the findings presented are related to the internal dimension of locus of control. These findings are in relation to laws/regulations and size of business ventures. Explanation of the influence of internal locus of control on the decision to engage in informal economic activity can be likened to the notion that employees' perception of work outcomes as either being under their control or externally controlled explains work behaviour (Luthans, 1981).

Internal Locus of Control

Internal locus of control relates to an individual's belief that he/she controls the events of his/her life and not some other person or chance. Individuals could either attribute the successes and failures they experience to themselves or other people (Timmons and Spinelli, 2007; Rotter, 1966). Given this understanding, this part of the study's findings profiles first how individuals can be influenced by internal locus of control personality trait to either circumvent government rules and regulations or opt for small informal business or both, as these dimensions define engagement in informal economic activity.

Participants were again of different views. Going by their responses, internal locus of

control is perceived as a personality trait that can both influence the individual to obey government laws and regulation, and also make people not to comply. This means that the influence of internal locus of control could make an individual decide either to choose or not to choose an informal mode of entrepreneurship. The two-sided views of participants regarding the relationship between internal locus of control and willingness to comply with laws and regulations are further examined separately.

On one side of the argument, the underlying idea is that individuals who score high on internal locus of control would most likely obey government laws and regulations as argued by this participant. *“I think large number of them [individuals with internal locus of control] will want to obey government regulation”* (Appendix 18 – CS – ref. 1). Such persons are likely to do so because, since by their nature they do not like shifting blames to other people (see Boone, van Olffen, and van Witteloostuijn, 2005), they would also not want to blame the failure of their business on non-compliance with government laws and regulations. Fundamentally, the internal locus of control trait makes the individual sensitive to circumstances that leave room for blaming failure on other people. Therefore, such individuals are likely to do everything to ensure they do not experience failure in any form. This means that if failure to comply with formal constraints would lead to unnecessary and avoidable problems, such an individual would readily comply with such formal constraints. CS (participant) here also provides one basis for this viewpoint as shown in the interview excerpt below.

.....the reason [this trait would prompt compliance with regulations] being that they [entrepreneurs] will not want, you know, they will not want to say okay, it's because of this [non-compliance] that makes the business not functioning. So I think they will want to close all of those areas [bases for excuse] (Appendix 18 – CS - ref. 2).

On the other hand, it is also possible that individuals with high internal locus of control would adopt informal approaches in operating their businesses since they normally would not be bothered about help from the government. This represents the view of a second

category of participants. The suggestion that such persons are not likely to comply with government laws and regulations also derives from the overwhelming consensus by participants in this study that small business owners do not care about government and would operate their businesses as they deem fit. This is because they feel they are justified to do so since the government on its part does not care about them. The mere fact that an individual would not sit back waiting for certain government intervention but rather take his/her destiny in his/her hands speaks of a person who is internally motivated as implied in the quote below.

Well, to me, I think it makes a person feel a sense of self-sufficiency – I can manage on my own, I can do everything - and when the person fails, the person always accept responsibility. Those kind of people that have this kind of character, they are the type that are doing the informal business more because they believe without government or whatever, I can survive, I can make it. So that kind of belief will make people want to operate on their own without wanting to involve anybody (Appendix 18 – FRL).

The logic in this argument stems from the fact that if an individual believes that he or she has control over events of life then he or she would invariably be more independent and self-reliant. This can be likened to Twenge, Zhang, and Im's (2004) argument that in theory people in contemporary times, tend to express individualism, independence and a strong-willed disposition of wanting to be in control of their life events and not be encumbered by the demands presented by social forces. Given the conditions under which entrepreneurs operate in Nigeria, individuals with this personality trait might be defiant towards formal regulatory provisions. If they believe that even without the necessary support from the government they can succeed then it is possible that such people may reason that government should as well not expect formal constraints to be binding on them.

Similarly, consideration of the influence of internal locus of control on individuals' decisions regarding whether to choose formal or informal business has been related to the scale of business undertaking. Here also, the views and opinions of participants are divided. The first view about the influence of internal locus of control relates to how this

trait manifests in the individual. Whether internal locus of control would influence an individual to choose informal business depends on whether such a trait manifests in the individual in the form of arrogance or more responsible behaviour as suggested by this participant. “...*there is the aspect of pride and there is aspect of still responsibility of character, that is, I blame myself for this failure.....If it falls on the pride side, the person will not choose small business*” (Appendix 18 – CB). Where an individual manifests this trait in the form of arrogant and pompous attitudes and behaviours then he is likely to emphasise large-scale business undertakings. On the other hand, if the individual manifests positive and responsible behaviours then he/she would most likely choose small-scale business as a start-up business. Other participants are either of the two viewpoints that internal locus of control would influence an individual to engage in small-scale business or large scale business.

The likelihood that an individual will choose a small-scale business stems from the belief that someone who would always accept responsibility for his successes and failures is also likely to be cautious. According to this participant “..... *such a person will want to be conscious, because he is somebody that believes that if something bad happens to me it's my fault, if something good happens to me, it's my fault. So such persons, I think will not likely dare into larger scale businesses*” (Appendix 18 – OpY). What this means is that such an individual would like to start small so that in the event of the business failing, he has himself only to blame. Borchers and Park (2010) observes that entrepreneurs are people who rather than attributing success to fate, luck, or other powerful, external forces or persons, instead believe in themselves. This implies that the individual might take calculated risks to minimise his or her sense of loss in the event of failure.

On the flip side, other participants have suggested that internal locus of control would influence an individual not to choose small-scale business. The logic here is that individuals who believe they control their destinies are likely to be daring. Such a daring

spirit would mean that the individual would not have any fear of failure. This is a departure from the argument above. The absence of the fear of failure would invariably tend towards preference for large business ventures, given the right conditions. The excerpt of the interview below highlights this argument.

I don't think so because somebody who believes in himself believes he can succeed. For somebody to have confidence in himself, it means that person believes that he can succeed. So, that [having internal locus of control] may not be a reason why he will choose to do business informally (Appendix 18 – VTO).

There is a strong argument presented in this context to the effect that everyone wishing to establish a business start-up would most likely desire to start on a large scale. However, for some people, other factors besides their personality traits would necessitate starting the business on a low-scale. As participants have argued, people with internal locus of control have an inherent drive to succeed. Therefore, any route that would lead them to achieve success is a possible option. For example, this participant contends that “.... *People that can take their destiny by their handsare the people [who are] doing [establishing business] whether small or big, they start from scratch and grow bigger*” (Appendix 18 – RC). Meaning that the influence of internal locus of control on an individual's decision to establish a small informal business would be better understood when analysed simultaneously with other potential factors that come into play in the decision process.

The views expressed by participants essentially reflect individual differences and can, therefore, be used to make inference to their own individual motivations and personalities. This being the case, it can conveniently be concluded that whereas for some people, the personality trait of internal locus of control would influence them to consider small informal businesses, for others, it might lead to an emphasis or preference for large formal businesses. At the same time, there are those who believe that every possible route to success would an option worth trying.

5.5. Summary

This chapter was used to present and discuss the findings, from which the relationship between institutional voids, social exclusion, and personality on one hand, and the choice of informal mode of entrepreneurship, on the other hand, was explored. The findings, therefore, centre on these three major themes - institutional voids, individuals' exclusion or deprivation and personality traits. Findings related to each of these, highlight some important dynamics of informal entrepreneurial engagement.

Whereas voids in Nigeria's institutional framework and social exclusion have been found to significantly impact on the decision relating to the choice between engaging in entrepreneurship in the IS versus FS, personality traits appear to determine what the individual does ultimately. For each of the main themes, there are more specific findings reflecting particular dimensions of these influences. For instance, institutional voids manifest as institutional ambiguity, institutional delinquency, institutional passivity, and institutional incongruence, in this study.

Institutional ambiguity is further related to ambiguity in tax assessment and business registration policies and procedures, as well as conflict of regulations/jurisdiction. Institutional delinquency relates to unwholesome coalitions for corrupt practices between state agents and entrepreneurs, as well as impunity related to enforcement of tax laws and other regulations. Institutional passivity manifests as a situation of laxity in enforcement of regulations. Clash between traditional norms/beliefs on the one hand, and formal regulations on the other hand, as well as the role of informal trade associations are sources of institutional incongruence in Nigeria's institutional context. These all interact among themselves and with social exclusion and personality factors to produce informal entrepreneurial behaviour.

The framework for understanding these relationships consists of two major sections – macro-level factors and individual level factors. All the sub-themes under institutional

voids are macro-level factors while the three psychological characteristics (need for achievement, risk-taking, and internal locus of control) are individual-level factors. However, social exclusion factors are separated into macro-level factors and individual-level factors. While FS demands or entry conditions and FS lack of capacity to provide support for small businesses and guarantee access to basic rights are considered macro-level factors, individuals' and business support needs, are individual-level factors.

Chapter Six: Conclusion

6.1. Chapter Overview

This last chapter of this study is used to present a summarised link between and among the different sections in the study beginning with the purpose of the study through to the findings or outcome of the research. Therefore, the chapter begins with a recap of the study's purpose followed by a synthesis of the research findings. Following that are the main contribution(s) of the study and implications of the findings for research, policy and practice. The last component in this chapter is the limitations of the study.

6.2. Purpose of the Study

The overall purpose of this study was to examine qualitatively the underlying factors influencing the decision to engage in informal economic activities. This overall purpose is further split into four specific objectives as follows:

- (1) To clarify the domain of IS and informal economic activity
- (2) To analyse the effect of institutional voids on the individual's propensity to engage in informal economic activities.
- (3) To examine how situational factors related to social exclusion explain the individual's decision to enter the IS.
- (4) To explore the role of an individual's personality traits in the decision to enter the IS.

In simple terms, the second, third, and fourth objectives are each related to a particular theoretical lens through which the study attempted to examine the underlying influences leading to the decision to adopt informal economic activity. Thus, the three objectives represent attempts to understand the influence of institutional voids, social exclusion, and personality traits respectively in the decision to engage in informal economic activities. The research findings are summarised as shown below.

6.3. Synthesis of the Findings

This part of the chapter specifically represents an attempt to revisit the objectives set out at the beginning of the study and to present a snapshot version of the findings to see the extent to which objectives have been achieved. With this in mind, the key findings to be summarised here would be listed under each of these three major areas of specific research focus - institutional voids, social exclusion factors and personality traits in that order. This is depicted in the schema below.

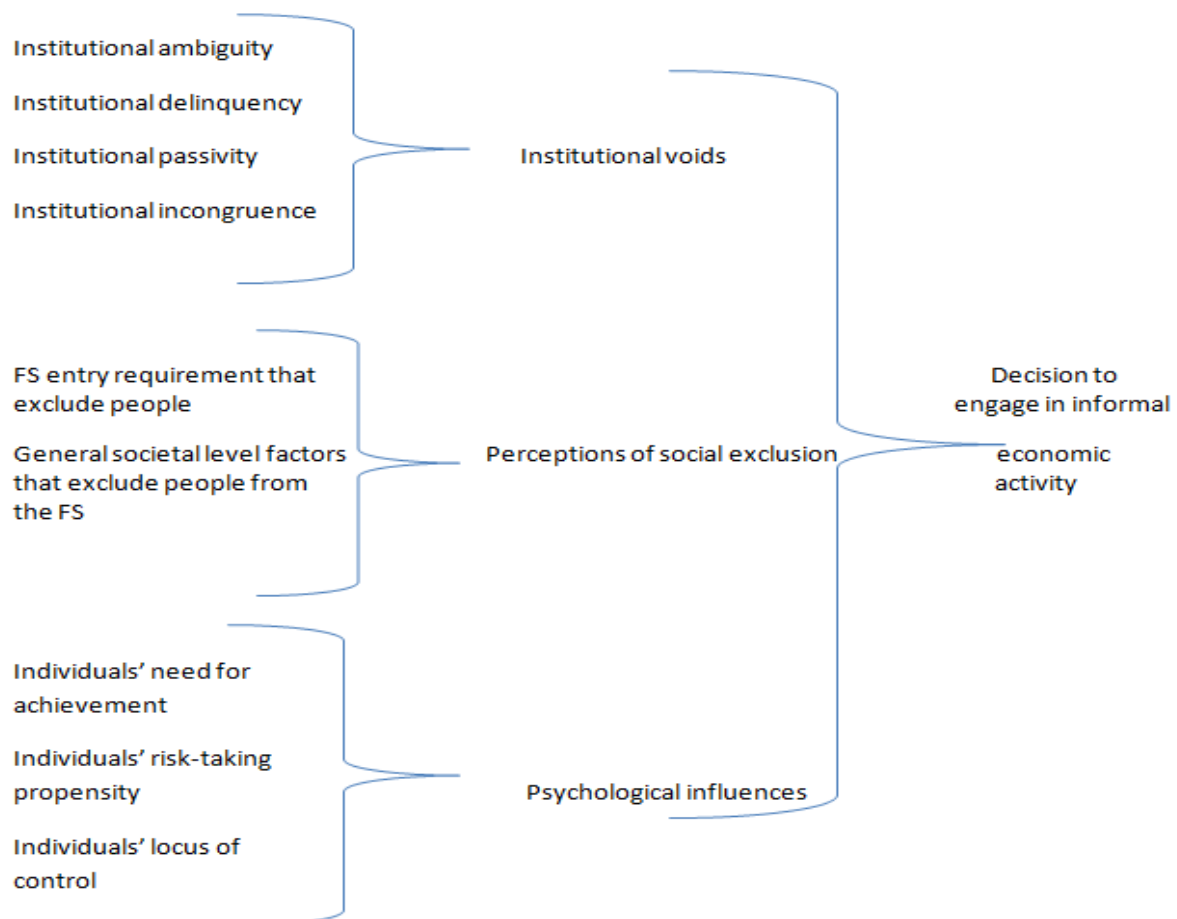


Figure 6. 1: Summary of Research Findings

6.3.1. Institutional Voids

Understanding how voids in Nigeria's institutional framework influence the decision of entrepreneurs to adopt informal economic activity represents the second objective of this

study. Four types of voids in Nigeria's institutional framework have been found to have a strong impact on the decision relating to the choice between engaging in entrepreneurship in the IS versus FS. These are institutional ambiguity, institutional delinquency, institutional passivity, and institutional incongruence. Ambiguity in tax assessment, ambiguity resulting from the conflict of jurisdiction, and ambiguity in business registration processes constitute a specific dimension of institutional voids that influence the decision to engage in informal economic activities.

Institutional delinquency, manifesting in the form of unwholesome coalitions for corrupt practices and impunity related to enforcement of regulations, constitute another dimension of institutional voids identified as factors underlying the decision to engage in informal economic activities. Institutional passivity has been identified as a sources of institutional voids influencing the decision to engage in informal economic activities, and the specific aspect of institutional passivity, which the analysis in this section focuses upon is laxity of enforcement. Finally, the clash between formal regulations and traditional norms/beliefs, added to the role of informal trade associations give rise to institutional incongruence as another source of institutional voids identified as influencing the decision to engage in informal economic activities.

Gao et al. (2017), Puffer, McCarthy, and Jaeger (2016), Liang, Marquis, and Sun (2014), and Mair and Marti (2009) are among other studies that have examined various phenomena within contexts of institutional voids. However, the relationship between institutional factors and engagement in informal economic activities specifically has not been given much research emphasis. Nonetheless, few studies exist such as Uzor and Mair (2014), Webb et al. (2013), and Mair, Marti, and Ventresca (2012). While these studies differ from the present study in some ways, there are similarities between this study and some of the studies mentioned here, especially, Mair, Marti and Ventresca (2012); Perry et al. (2007); Uzor and Mair (2014), and Webb et al. (2013).

Although, the study by Webb et al. (2013) was conceptual, it considered the value of employing an integrated theoretical framework consisting of three theories in examining the incentives, constraints and motivations influencing IS activity. In the present study as well, three theories were employed to examine the incentives, constraints and motivations of IS activity. Both studies also have a focus on entrepreneurial opportunities outside formal institutions' boundaries. Like the present study, Uzor and Mair (2014) examined the influence of institutional voids in a Nigerian context. Uzor and Mair (2014) provide evidence how institutional voids give rise to reliance on informal institutions in Nigeria's Nollywood. Both studies found institutional ambiguity to be strongly linked to IS activity.

The study by Perry et al. (2007) was in a developing country context just like the present study. There are also areas of similarities in the findings in both studies. For instance, both studies found exclusion (which is strongly engrained in the institutional framework) as a major cause of IS activity. Mair, Marti, and Ventresca (2012) empirically examined institutional voids in a developing country context as is the case in the present study. Like this study, Mair, Marti, and Ventresca (2012) identified institutional voids as a source of market exclusion thus confirming the findings by Perry et al. (2007). In both studies, as well as the present study, it was found that contradictions in institutional arrangements create voids, which constitute a source of market exclusion. The findings in all the four studies examined in this section are similar to those in the present study because, like the findings in this study, they all point to the existence of a link between institutional voids and entrepreneurship.

However, this study has succeeded in identifying four specific dimensions of institutional voids that are directly related to why people engage in informal economic activities. This is significant in the attempts to provide explanations for informal entrepreneurial engagement as it provides a new understanding of how institutional impacts influence entrepreneurial behaviour at the individual level; also how specific dimensions of

institutional impacts individually and/or in their interaction cause engagement in informal entrepreneurship. Fundamentally, the insight that can be gained from the influence of the four dimensions of institutional voids identified in this study, range from individual entrepreneurs' behavioural dimensions to an understanding of policy imperatives necessary to address such institutional voids.

6.3.2. Social Exclusion Factors

The third objective of this study was to examine the role of social exclusion in influencing people's decision to adopt informal economic activity. The evidence from this study's findings suggests that social exclusion in different ways influence the decision to engage in informal economic activities. First, the findings indicate that specific requirements of the FS such as formal education and training, inaccessible venture capital requirements, and minimum product quality standards, constitute a source of exclusion that prompts individuals to choose informal business as an alternative mode of business engagement. This is an exclusion that arises specifically because of the requirements of the FS.

At a more general societal level of analysis, social exclusion resulting from lack of access to public goods and services such as road infrastructure, electricity, water supply, formal education, security services and other social services is also found to be a major factor underlying the decision to engage in informal economic activities. Previous studies have suggested the potential of social exclusion to cause informality (e.g. Perry et al., 2007; Grimm et al., 2012; Williams and Shahid, 2016; Welter, Smallbone, and Pobol, 2015; Williams and Horodnic, 2017). However, some of these conclusions were rather inferential or based on implicit evidence. For instance, Meagher and Yunusa's (1996) finding that entry in Nigeria's IS is concentrated in the lower end of the sector because of resource constraint, implicitly points to exclusion arising from the lack of access to finance.

The findings in this study differ from other studies in a number of ways. For instance, in Perry et al. (2007) the findings relating to social exclusion are sort of fused together with

the idea of the institutional context that gives rise to exclusion instead of clearly delineating them as social exclusion factors. Grimm et al. (2012) among their findings specify lack of access to finance and basic infrastructure as influencing the decision to engage in informality. Nevertheless, they outrightly treated these as institutional factors rather than social exclusion factors. Williams and Horodnic's (2017) study on the other hand, focused on categories of people excluded but examined such exclusion generically rather than consider specific dimensions of exclusion. They also found that certain categories of excluded people are likely not to operate business informally. Bodea and lesBas (2014) investigated the relationship between state services delivery and tax morale among urban Nigerians and found that individuals are less likely to adopt pro-compliance norms because of lack of capacity of the state to provide public services as required. These findings are similar to the findings in this study.

This study's findings specifically show how social exclusion from specific sources influence people's decision to engage in informal economic activity thus, contributing to shaping the IS debate by providing evidence from the Nigerian context. Rather than consider the influence of social exclusion generically as other studies have done, this study provides evidence of how specific dimensions of social exclusion influence entrepreneurial behaviour. This differs from Williams and Horodnic (2017) where the focus of categorising was on the excluded people. Beyond that, the specific dimensions of exclusion are also partitioned into those, which relate FS entry barriers or conditions and others which are at the general societal level. Also, in this study, findings related to social exclusion's influence and those relating to institutional voids are presented distinctly.

6.3.3. Personality Traits

The last part of the research findings is about the relationship between personality traits and the decision to engage in informal economic activities. The findings centre on three major dimensions of personality traits – need for achievement, risk-taking, and locus of

control. For all these three areas of research findings, the focus was on how these personality traits reflect on individuals' disposition to comply with formal regulatory provisions, and the choice of the size or scale of business operations they undertake since these are indicators of an informal business undertaking. All three personality traits essentially influence individuals to have a preference for large formal businesses.

However, the evidence from the results also suggests that in situations where individuals are inhibited by any of the factors that constitute barriers to FS access, these same personality traits could prompt an individual to settle for a small informal business as a means of achieving targeted goals on the long –run. Therefore, these personality traits could influence individuals either to operate a business in the FS or IS depending on individual circumstances. Additionally, high risk-taking propensity potentially influences engagement in informal economic activities. Also, the peculiar nature of the IS operational environment and other dynamics implicates in operators in the sector facing certain distinct types of risks besides the conventional types normally associated with entrepreneurship generally.

Research examining the relationship between personality traits and entrepreneurship abound (e.g, Shane and Nicolaou, 2015; Stephan, Hart, and Drews, 2015; Okhomina, 2007). A few of these have attempted to relate their research on personality traits to IS operators (e.g. Mamood and Young, 2017; Oluwatoyin, 2010; Falco, 2010). However, this is the first study that has focused specifically on examining how personality trait factors influence the decision to engage in informal economic activities. Investigation of informal entrepreneurship motivation has not been approached from a psychological perspective. It has rather been approached from economics and institutional economics standpoints (e.g. Fuentelsaz et al., 2015; Rubach, Bradley, and Kluck, 2015).

Examining motivation to enter the IS from the standpoint of psychology thus provides a new understanding of the relationship between personality traits and engagement in

informal economic activities. The findings from this study, for instance, has shown that the influence of the need for importance and the influence of internal locus of control can in some instances drive the individual to settle for small informal (even a demeaning) venture, but it does not mean the individual in such instances would remain permanently at that level. This finding corroborates the institutional economics perspective which argues that informal entrepreneurship should not be viewed strictly in terms of the dual motivation of necessity versus opportunity (e.g. Williams and Williams, 2014). This is understandable since in a developing country context such as Nigeria, access to venture capital can limit the individual in spite of having growth aspiration.

6.4. Major Contributions of the Study

The complex nature of informal entrepreneurship defies comprehensive and realistic explanation using a single theoretical lens. There have been prior attempts (e.g. Webb et al., 2012) to understand the IS phenomenon using an integrated theoretical framework. However, none of these attempts have considered how institutional void, social exclusion, and personality traits interact to influence informal economic activities in the IS. Thus, this study was motivated by the need to examine informal economic activity within this system of theories – institutional, social exclusion, and personality trait theories . In the end, this study has advanced understanding of the IS phenomenon by demonstrating how institutional voids, social exclusion from political, economic and social rights or opportunities, and individual personality factors and their interaction influence the decision to engage in informal economic activities. Therefore, the first major contribution of this study is in bringing these three theoretical perspectives in a single framework to explain engagement in informal economic activities. The other contributions are sectioned in line with each of the three broad facets of the study findings.

6.4.1 Institutional Voids

Perhaps, the most important contribution of this study relates to being able to break down institutional voids into four distinct but related dimensions – institutional ambiguity, institutional delinquency, institutional passivity, and institutional incongruence. This is vital to understanding not only how these impact on the decision to engage in informal entrepreneurship from the context of SSA, but also how Nigeria's institutional context influences and motivates people to enter the IS.

Another important contribution is the role played by informal trade associations. This study's findings contribute to the existing IS literature by uncovering the role of informal trade associations and their impact on the entrepreneurial behaviour of informal entrepreneurs, particularly in their decision to adopt and continue in informal mode of business undertaking. This finding has brought to light how the allegiance to these associations by entrepreneurs influences their behaviour in relation to formal regulatory constraints. Informal trade associations are in this case effectively filling the voids left by the formal institutional framework in Nigeria (see Puffer, Mc Carthy, and Boisot, 2010).

Further, from the research findings, this study introduces into the IS literature a new idea about the role which corruption plays in influencing the adoption of and persistence in informal economic activity. Fundamentally, the study's findings support previous studies that found a link between corruption and the incidence of informality (e.g. Tonoyan et al., 2010). However, in the literature corruption has traditionally been viewed from the angle of the officials who resort to institutional abuse (see for xample, Polichuk, 2008). The findings in this study suggest that in the Nigerian IS context, government officials responsible for enforcing enabling laws collaborate with entrepreneurs to act as agents of corruption.

This collaboration and corrupt practices manifest in different ways including arrangements between trade associations and government officials for daily levies to be paid by

association members, which would be transmitted to government officials as bribes to allow informal operators continue in their informal business. Also, enforcement officers raid business premises and intimidate owners of such businesses in a bid to induce cooperative behaviour which results in unethical collaborations. The findings show three different situations that describe such unwholesome collaborations between government officials and entrepreneurs - coalitions initiated either by enforcement agents, entrepreneurs, or those that occur spontaneously.

6.4.2 Social Exclusion

Identifying and categorising individual sources of social exclusion as has been done in this study is another major contribution of this study. This is in addition to attempting to delineate each of these factors of social exclusion in terms of partitions and hierarchies of influence on individuals. It is important to understand in the context of informal entrepreneurship the connectedness of access to formal education and enhancement of an individual's capacity to access finance from formal sources. This can be viewed from the angle that an individual could be disadvantaged by birth or background (Sen, 1990). Having access to formal education and finance, in turn, increases an entrepreneur's propensity to produce quality products using processes that meet required quality standards.

Viewing social exclusion in terms of hierarchies of influence thus tends to show how these could be better managed or be prevented through appropriate strategic choices. Such connectedness of different aspects of social exclusion is also implied in Sen's (2000) analysis of the relationship between social exclusion and poverty. However, Sen did not attempt to specify hierarchies of social exclusion influences. In this study, because the individual who takes the decision to engage in an informal economic activity is the primary focus, analysis of his or her exclusion is separated from familial factors such as

his background of poverty. It is in this sense that lack of access to formal education is considered primary before the lack of access to finance.

Another important contribution relating to the findings on the influence of social exclusion is the knowledge that, although social exclusion prompts individuals to settle for informal economic activities, the majority of such people still aspire, and therefore strive to own and operate a large formal business. This then motivates them to opt for informal economic activity with all its limitations as a necessary route towards achieving their long-term goal of growing their businesses to large formal firms. This is consistent with De Soto's (1989) idea that IS operators are resilient entrepreneurs.

6.4.3 Personality Traits

Another contribution of the study is the identification of risk dimensions specific to the IS in the SSA context. These relate for instance to the psychological risk of undertaking demeaning economic activities relative to an individual's background of high educational achievements as well as the risk associated with working under very unhealthy conditions. Also, the understanding that circumvention of formal regulations in the context of informal economic activity could be viewed as a type of risk associated with this mode of business undertaking adds to the literature of IS since in the IS, such actions are not strictly considered as illegitimate.

The overarching risk which is unique to informal entrepreneurs was implicitly discussed by Webb et al (2012). This is the risk involved in exploiting economic opportunities outside the boundaries of formal institutions. It basically encompasses a number of different risk categories including those described above. Among the risk categories described above, one that is commonly mentioned in the IS literature is the risk of doing business without legal protection. However, no study has investigated this from an entrepreneurial standpoint. Indeed, because, entrepreneurial risk has not been investigated

in the context of the IS, these findings constitute a valuable contribution to the entrepreneurship literature generally.

Understanding how the variables in the study interact to produce entrepreneurial behaviour is helpful in developing a framework which provides a more comprehensive understanding of the underlying influences that give rise to engagement in informal entrepreneurship. Figures 6.2 below represents such an attempt at developing a framework that shows how three related but separate factors influence individuals' decision to engage in informal entrepreneurship.

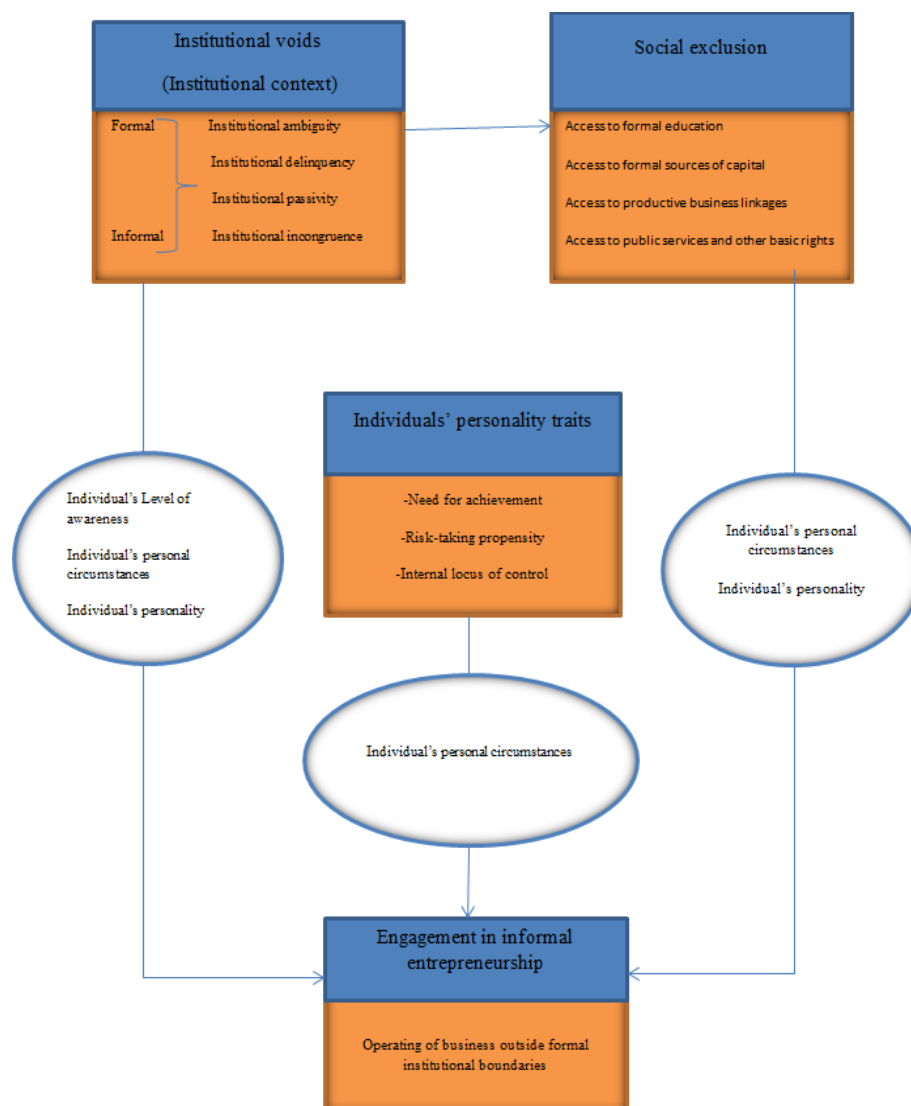


Figure 6. 2: Summary of Research Findings

Institutions in their design and mode of functioning could represent contexts in which certain segments of people within the society are excluded from economic and other opportunities. When people are so excluded, it becomes a basis for various behavioural tendencies, including the mode of entrepreneurship chosen. For instance, Todman (2004) has attributed social exclusion to restrictive or oppressive legislation and law enforcement, and/or institutional discrimination. Such behaviours invariably hinge on the individual's personality profile (Schroeder, Nettle and McElreath, 2015). Thus, the interaction between perceptions of social exclusion and individuals' personality traits potentially influences the decision to engage in informal entrepreneurship.

It is important to note the role of intermediary variables in the relationship between institutional voids, social exclusion, and personality traits, on the one hand, and the decision to engage in informal entrepreneurship, on the other hand. Institutional void's influence in the decision to engage in informal entrepreneurship is intermediated by the individual's personal circumstances (e.g. personal finances, family background etc.), level of awareness (especially of regulatory provisions), and the individual's personality characteristics. The influence of social exclusion and personality are also intermediated by the individual's personal circumstances and personality characteristics as shown in figures 6.2 above. It seems apparent how this tripartite dimensions of influence, individually or in combination potentially influence people to engage in informal entrepreneurship.

6.5. Implications of the Findings for Research, Practice, and Policy

Inference can be made from the numerous implications of this study to its value. There are implications from a research perspective as well as from a practice perspective.

Additionally, the research input promises to be a valuable input in policy formulations related to small and micro entrepreneurs generally. The implications for each of these three specific areas are set out below.

6.5.1. IS Research

The findings in this study tend to indicate that the role of informal trade associations is of critical importance in the context of seeking to understand the dynamics of informal economic activity. There is the need, therefore, to further investigate how informal trade associations matter in the decision processes of informal entrepreneurs in order to further the frontiers of knowledge on the IS. This is important in the context of governance failures and the role which trade unions and other related associations play in filling governance voids (Essien, 2015). Similarly, virtually all the participants in the study claimed tax policies do not clash with their local cultural taboos or beliefs, but at the same time, the findings indicate that tax morality is very low. Since the level of tax morality implicates engagement in informal economic activities, this may require further investigation.

Another important issue that tended to feature prominently in the findings is the seeming lack of awareness on the part of entrepreneurs about regulatory provisions and other relevant issues. There appears to be gross lack of knowledge about official procedures and regulations relating to business (see, Diugwu, Baba, and Egila, 2012). Therefore, knowledge of how this potentially causes informality seems relevant and requires empirical investigation. Also, this study provides a potential research window for implementing quantitative studies that would involve testing the findings from the research effort.

The literature and the findings in this study tend to point to the apparent weaving together of the factors that influence engagement in informal economic activities and the entrepreneurship motivation taxonomy – necessity versus opportunity. It is also pertinent

to note that among these two entrepreneurship motivation the one that would be prevalent in any society depends on the institutional context of the society. Given these associations and the understanding from this study's finding regarding the aspiration of informal operators to grow their businesses, it would be appropriate to investigate further to determine which of the two entrepreneurship motivations that is supported by the Nigerian institutional context. This is important when considered against the background of Lucio et al.'s (2015) assertion that institutional contexts providing limited opportunities would support necessity-driven entrepreneurship and vice versa. Moreover, the literature indicates that necessity entrepreneurship impacts negatively on the GDP (Wanneker et al., 2005; Acs, Desai, and Hassels, 2008) thus, suggesting the potential for a vicious circle of unemployment and more necessity-driven entrepreneurs in the IS.

6.5.2. IS Practice

The leadership of informal trade associations can utilise the understanding provided regarding the important role of their associations to further model the functioning of such associations for greater impact in their quest for economic emancipation. IS operators on their part would also better understand and appreciate the representative role of their associations and how institutional factors bear upon their entrepreneurial practices.

IS operators armed with the knowledge of how social exclusion influences their decisions would be more equipped to better negotiate the social contract which is currently not in their best interest. This can be combined with knowledge of the representational role of their association and applied in such relationships. Especially, officials of informal trade associations, if equipped with appropriate knowledge of the dynamics of formal institutions' functioning and processes as these engender social exclusion in the society, would be able to better represent their fellow entrepreneurs.

Also, knowledge about the different types of risks that IS operators are exposed to would be beneficial to IS practitioners generally, especially in terms of helping to shape their

business decisions. For IS practitioners the finding relating to the influence of internal locus of control would help in improved self-assessment and understanding of one's actions and decisions.

6.5.3. IS Policy

From a policy standpoint, the findings that small-scale entrepreneurs may respond differently to policy measures aimed at business formalisation is critical to the process of designing future policies. This is in addition to understanding how the general institutional framework is perceived and responded to by small informal business owners. It is particularly important for the government of Nigeria to understand the level of expectations from entrepreneurs in order for important gaps or voids to be addressed. Part of such gaps that this study has identified and needs to be addressed, relates to instituting effective lines of communication channels with entrepreneurs.

Another policy implication relates to the finding that tax assessment and business registration policies and procedures are largely perceived by entrepreneurs as ambiguous as well as perceptions of ambiguity resulting from the conflict of jurisdiction. Since a major objective of IS-related policy is that of getting firms in the sector to formalise their businesses and consequently transit to the FS (Sutter, et al., 2017), it would be appropriate to approach IS-related policies in a manner that addresses these issues. Thus, the research output is valuable for such purposes.

Also, understanding the critical role of informal trade associations in this context could help in shaping policy design and in the oversight functions of government agencies. For instance, informal associations could become useful communication channels through which government can reach informal entrepreneurs, especially for programmes of enlightenment. Associations could function as important liaisons between government and informal entrepreneurs. The importance of informal trade associations could be viewed

from the standpoint of the traditional roots and informal-based mode of operation of these associations.

The findings in this study also highlight the need for a new emphasis on anti-corruption policies that would equally address the market side of culpability in corruption. This is in line with the new understanding about the nature of corruption in Nigeria's IS as provided in this study. The fight against corruption needs to also focus on informal entrepreneurs. Such policies should among other things encourage the enlightenment of informal entrepreneurs so that they can get to understand the negative impacts of corruption. This again points to the importance of enlightenment programmes through the associations that informal entrepreneurs belong to.

Certain risk types have been identified in this study which are distinct from the other generic risk types associated with entrepreneurship. This places a responsibility on the government to ensure that policies are directed particularly at minimising risks related especially, to the health of IS operators. Further, the knowledge that the three personality traits – need for achievement, risk-taking, and internal locus of control - could in some instances influence individuals to settle for a small informal business with the intention of subsequently growing the business is important from a policy perspective. This should prevent policymakers from wrongly assuming that because an individual is currently in the IS, such a person would not aspire to subsequently formalise his or her business. Generally speaking, the findings from this study would be valuable to help policymakers develop evidence-based policies related to the IS.

6.6. Limitations of the Study

A number of steps were taken to mitigate the limitations of this study, which are explained below:

(1) Owing to the large volume of data generated from the semi-structured interviews, as well as the dearth of secondary data on the IS in Nigeria, primary data from the interviews was relied upon as a means of achieving the study's objectives. Both time, financial and word count constraints made the idea of data source triangulation not feasible in this study. However, as a means of addressing this limitation, data was collected from all stakeholders of the sector. This way, information provided by government officials whose roles related in one form or the other to the IS complemented secondary data sources.

(2) This study involved collecting data about informal entrepreneurial behaviour including circumvention of tax laws and other formal regulatory provisions. Therefore, it presented a certain level of challenge to convince participants in some cases, to participate in the study. It meant that more time, money, and effort would have been expended in the data collection process. The situation was also capable of limiting the quality of data collected in the form of insincere responses.

This necessitated formulating the questions in a manner that did not have to personalise them to the respondent as an individual. Thus, for some of the questions, responses from participants, although generalised, were presumed to be what they would do if they were in those situations. Also, adopting snowball sampling as the major sampling strategy was predicated upon the need to address this limitation. The specific nature of snowball sampling made it suitable to address this limitation. Snowball sampling can both use, and be used to create social networks, social knowledge, and power relations (Chaim, 2008). These and other strategies used to address this limitation were deemed necessary based on what was learnt from the pilot study.

- (3) Also, owing to the insurgency in the North West and North East geo-political zones of Nigeria, these two regions could not be accessed for the purpose of data collection. This limitation was however addressed, at least to some extent, by identifying through referrals, some individuals from these two regions who had recently relocated their businesses to the North-central region who accepted to participate in the study. Moreover, the three Northern geo-political regions of Nigeria share commonalities that makes their characteristics considerably homogeneous.
- (4) Although, a major reason for introducing some level of variation in the sample was to enable comparison between reasonably homogeneous sample groups, not much was done in terms of comparison. This was mainly due to the realisation that the views of participants across the entire interviews were considerably homogeneous. The few instances of differences in view points among participants did not reflect any particular division in the characteristics of participants. Therefore, only one characteristic of participants (educational qualification) was used in the study to demonstrate, in those instances where views were divergent, that such divergent views were not specific to participants who fall into particular educational qualification categories.
- (5) Something else that might be considered a limitation in this study relates to the number of interviews upon which the study findings is based. This is in consideration of the fact that the study is a case study of Nigeria. However, because of time and word count constraint, it was not feasible to source for more data. Also, being a case study, the need to provide the required depth in the investigation had to be balanced against the number of interviews. Such depth in the investigation was reflected in the different dimensions of the problem investigated thus, yielding a large amount of data for the study. Moreover, although, the method adopted for the study was not grounded theory, nevertheless, it became obvious at some point that data saturation had been achieved. At this point the views of participants, irrespective of their locational and other characteristics tended to be convergent. The point

made about data saturation above also mitigates the the third limitation regarding the inability to visit two geo-political zones for data collection.

6.7 Summary

This chapter embodies the concluding bits of this research study. It started by revisiting the initial objectives set out in the beginning chapter and summarises the findings of the study with a view to determining the extent to which the findings correlate with the research objectives. On the basis of the findings, the contributions of the study to knowledge were articulated, and the findings were further subjected to analysis of their implications to research, practice and policy. The chapter also addresses the limitations of the study.

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Appendices

Appendix 1: Nvivo data coding for ambiguity of assessment

<Internals\\INTERVIEWS\\12. (INT - CB)> - § 1 reference coded [0.54% Coverage]

Reference 1 - 0.54% Coverage

The figures the government representatives come up with are so quite unreasonable as compared to even the income that some of the business people make.

<Internals\\INTERVIEWS\\21. (INT - IR)> - § 1 reference coded [1.68% Coverage]

Reference 1 - 1.68% Coverage

The informal sector, for some time, they have been operating under a union called the PILLARS OF ASSOCIATION, and Pillars has been at the forefront in respect of collecting taxes for them. And eh...., they have been trying all means to make the tax due the informal sector to be uniform, not considering the size of the business. They don't consider the size of the business. They just want the tax to be uniform. If this business it should be, they say, 2000 per year, it should be 2000 per year. That is how they operate.

<Internals\\INTERVIEWS\\24. (INT - LUB)> - § 1 reference coded [0.63% Coverage]

Reference 1 - 0.63% Coverage

when you want to pay tax, whether individual or company tax, since they will not audit it to know your capability, in order to know the kind of tax they will impose on you. They are just doing their thing their own way. To me ooo, am not ready to pay tax

<Internals\\INTERVIEWS\\26. (INT - OpY)> - § 1 reference coded [0.82% Coverage]

Reference 1 - 0.82% Coverage

It will increase the level of evasion of tax and the laws. In fact at a time some of them even when they become aware, they now know that there is also another way of doing it which is convenient for them. So they rather go through that way even though it's not convenient, it's not the direct way.

<Internals\\INTERVIEWS\\29. (INT - RSPK)> - § 2 references coded [3.13% Coverage]

Reference 1 - 1.34% Coverage

There is no proper assessment, if I may say, because most times, it is put on a flat rate. So, like the income tax, we pay 2,000 naira or we negotiate it every year. If for example, we have paid 2,000 naira for the past two to three years, may be on the fourth year, the union may say okay, we will pay 2,500 naira....I think the major problem in this, even personal income tax, is the assessment – how would you really assess the tax payer. Now, for us in this business, that is why we are hiding under the umbrella of the Pillars of Association.

Reference 2 - 1.78% Coverage

This talks much about double taxation, if I may say. Because however you look at it, when there are laws, if you follow it, it translates to money somehow along the line. So, the conflict we usually have is this double taxation conflict in the sense that here, now most times you see conflicting law enforcement agents, like NAFDAC will come, health will come at the same time. But these two ordinarily are supposed to work as one entity because they are all after the quality. Now, this one will claim that they the one and vice versa. So, it impacts on one to go to business that is purely non-formal, but you still cannot get away with it. So one may just say let me leave this govt. big business so that I just lie low.

<Internals\\INTERVIEWS\\3. INT - (ADM)> - § 1 reference coded [0.50% Coverage]

Reference 1 - 0.50% Coverage

The tax collectors just come around, look at your business and charge you a certain amount, it's always annoying.... Business should be taxed on profit not on capital but our tax collector do not care how the money is generated they only tax you according to your business.

<Internals\\INTERVIEWS\\31. (INT - SM)> - § 1 reference coded [0.66% Coverage]

Reference 1 - 0.66% Coverage

*.....the Federal Inland Revenue has made it compulsory for even the informal sector to come and p
you assess yourself.*

<Internals\\INTERVIEWS\\32. (INT - SMJ)> - § 1 reference coded [0.38% Coverage]

Reference 1 - 0.38% Coverage

....there are supposed to be clarifications of laws especially in this area of ours, where education is nothing to write about,

<Internals\\INTERVIEWS\\34. (INT - TM)> - § 1 reference coded [1.35% Coverage]

Reference 1 - 1.35% Coverage

The tax guidelines are not clear enough to me, because here we pay the same rate, the same fixed amount, whether small or big, which is not supposed to be so.Though, we are all human beings. If you look at big companies paying the same thing as you, you feel cheated, but you have to pay it, you have to pay it. That is the only thing.

<Internals\\INTERVIEWS\\8. (INT - ASH)> - § 1 reference coded [0.74% Coverage]

Reference 1 - 0.74% Coverage

That is what we are forced to do, the laws are not clear and we have no choice but to pay the dues been charged is we still want to continue with our business.

Appendix 2: Nvivo data coding for conflict of regulations and jurisdictions

<Internals\\INTERVIEWS\\10. (INT - C&I)> - § 1 reference coded [0.96% Coverage]

Reference 1 - 0.96% Coverage

One of such laws that has been a recurrent issue in the business environment is the problem of multiple taxation, where they are complaining that people coming from local govt., people coming from, govt. official from state, govt. officials from federal and all that, taxing and all that. So these are things that work against businesses

<Internals\\INTERVIEWS\\13. (INT - CS)> - § 1 reference coded [0.50% Coverage]

Reference 1 - 0.50% Coverage

How can this one be saying this and the other person is saying this. Let's leave this whole thing, let's forget about the govt. and go about our own business.

<Internals\\INTERVIEWS\\2. (INT - AC)> - § 1 reference coded [1.07% Coverage]

Reference 1 - 1.07% Coverage

.....for example, where our office is, we are under AMAC Area council, and FCDA too. Sometimes FCDA will come up with em....., for us to pay a certain bill and the Area council will also come up with the same bill.

<Internals\\INTERVIEWS\\24. (INT - LUB)> - § 1 reference coded [0.69% Coverage]

Reference 1 - 0.69% Coverage

okay take for instance, the time that we were still at our factory site, we wanted to register with NAFDAC and we also wanted to register with SON..... How to do departmentation of our factory site is not the same thing with that of the SON people. I just used that as an excuse

<Internals\\INTERVIEWS\\26. (INT - OpY)> - § 1 reference coded [0.95% Coverage]

Reference 1 - 0.95% Coverage

This is likely to make the child confused and possibly to pick money to buy something to eat. So effectively when a govt. agency says do this and another govt. agency says do that, it's like two parents conflicting themselves. So it will now come down to the personal intelligence of the business person to circumvent, to avoid or to go around the rules

<Internals\\INTERVIEWS\\28. (INT - RC)> - § 1 reference coded [1.11% Coverage]

Reference 1 - 1.11% Coverage

This person will come and give his or her interpretation, another person will come and give his or her own interpretation, so because of that it brings confusion. So people will say I don't know which is which it's better do that thing you want to do ,

<Internals\\INTERVIEWS\\29. (INT - RSPK)> - § 1 reference coded [0.84% Coverage]

Reference 1 - 0.84% Coverage

now most times you see conflicting law enforcement agents, like NAFDAC will come, health will come at the same time. But these two ordinarily are supposed to work as one entity because they are all after the quality. Now, this one will claim that they the one and vice versa. So, it impacts on one to go to business that is purely non-formal,

<Internals\\INTERVIEWS\\3. INT - (ADM)> - § 1 reference coded [0.27% Coverage]

Reference 1 - 0.27% Coverage

The laws are not clear at all, so the government need to really educate individual to know the requirement for each business you are going in to

<Internals\\INTERVIEWS\\32. (INT - SMJ)> - § 1 reference coded [0.71% Coverage]

Reference 1 - 0.71% Coverage

some of the problems we are having in this area is where you go to NAFDAC and SON, they are expecting you to meet their separate demands when they are supposed to have the same law or purpose, now make people operate outside the law.

<Internals\\INTERVIEWS\\36. (INT - VTO)> - § 2 references coded [2.59% Coverage]

Reference 1 - 0.78% Coverage

..... because what the Federal govt. is saying and what the state govt. is saying are not moving on together. So it can make the business owner to decide to operate in isolation. Individuals in this case can shun laws and regulations because they feel the govt. and it's regulations are not reliable since their laws are conflicting.

Reference 2 - 1.80% Coverage

The tax laws are not properly defined. The state govt. will come up with its own tax policy, Federal govt. will come with its own, local govt. will come up with its own. And sometimes you will see these laws conflicting with one another. State govt. will come and say you have to pay for business premises from the state. The next moment, the local govt. will also come and demand for the same business premises levy from the same individual that the state govt. is demanding from. See the conflict there, and then you discover that an individual will feel that he is paying double taxation and it can make him to start operating underground and informally because he feels that he is paying double taxation to the govt. – both local govt. and the state govt.

<Internals\\INTERVIEWS\\37. (INT - YW)> - § 1 reference coded [1.75% Coverage]

Reference 1 - 1.75% Coverage

There is one government organization that take [collects rates] for signpost, another one came to take for signpost, and these two people [agency officials], according to them, they were having a case [over the same issue] and they were in court, and government say a particular body should go for the signpost [rates] but the other body refused. So when they came out for collection, and it was confusing and frustrating.

<Internals\\INTERVIEWS\\4. (INT - AE)> - § 1 reference coded [1.02% Coverage]

Reference 1 - 1.02% Coverage

....here in Abuja there is no bus-stop and there are notice saying don't pack here, but people don't mind the law, they pack there neglecting the law and go away. For the small business owner, we do our business not minding the law

<Internals\\INTERVIEWS\\8. (INT - ASH)> - § 1 reference coded [0.79% Coverage]

Reference 1 - 0.79% Coverage

The laws are always confusing, for instance now, we pay tax for business permit and another one for business premises, are the two not supposed to mean the same thing?

Appendix 3: Nvivo data coding for ambiguity in registration policies and procedures

<Internals\\INTERVIEWS\\10. (INT - C&I)> - § 4 references coded [2.74% Coverage]

Reference 1 - 0.33% Coverage

A lot of them will not know that you need to have your business name registered with the corporate affairs commission.

Reference 2 - 0.28% Coverage

When you guide them, they also try to comply, even though many will also complain of the procedures

Reference 3 - 1.57% Coverage

C&I: By law all categories of businesses from sole proprietorship to liability company all are required by law to register with the corporate affairs commission. If for instance, you have a shop selling electronics, that your business, first of all must register with the corporate affairs commission, but what you come to pay to the govt. here in the ministry, what we call business permit, is that which announces your presence in that location in Mbiama Road, that you are in number 2, Mbiama road and you are selling electronics in that premises.

Reference 4 - 0.56% Coverage

.....A business that is not registered with the corporate affairs commission is just a business - it's not a registered business. Those ones don't pay. They don't even know that they need to pay

<Internals\\INTERVIEWS\\11. (INT - CAI)> - § 3 references coded [3.20% Coverage]

Reference 1 - 0.71% Coverage

Like I told you some individuals want to operate their businesses without registration, and when they do not register these businesses, they dodge or run away from taxes. And how do they do this? They do this by bribing most of these govt. officials

Reference 2 - 1.85% Coverage

That is what we are saying. For instance now, the condition for registration of any business in Nigeria. To me, I believe they are very rigid, looking into the present state of the economy. The fees are high. Like now, if you want to register a limited liability company, you need a driver's license. What is the usefulness of a driver's license to a local man who do not own a car?..... So these are the problems we are facing. And for you to incorporate a limited liability company, you must pass through a lawyer, meaning that if you don't have a fee to pay a lawyer, with the present economy in Nigeria, sincerely speaking, you cannot own a company.

Reference 3 - 0.64% Coverage

You know, most our laws – as a lawyer I have to be very specific and direct. Most of our laws are achaic laws. Achaic in the sense that it only address the problems of those days and not the current problems of this generation.

<Internals\\INTERVIEWS\\13. (INT - CS)> - § 1 reference coded [0.44% Coverage]

Reference 1 - 0.44% Coverage

. It's something that everybody can register. Although, my business is registered as an enterprise and not as a limited liability company.

<Internals\\INTERVIEWS\\17. (INT - FRL)> - § 3 references coded [1.27% Coverage]

Reference 1 - 0.87% Coverage

At the point that the business is still very young and you are required to pay so much and comply with different govt. requirements, to me it is bad govt. policies. This can be likened to the case of my friend who has a beauty salon and although her price is so low, in fact ridiculous, her landlord thought she was making money so much money. So soon after she started her business, her landlord increased the rent for the shop

Reference 2 - 0.15% Coverage

Most of the time the business laws in Nigeria are sudden and unstable.

Reference 3 - 0.25% Coverage

Because the laws, apart from the fact that they are even conflicting, they are not realistic, they are just there on paper

<Internals\\INTERVIEWS\\19. (INT - HTY)> - § 1 reference coded [0.98% Coverage]

Reference 1 - 0.98% Coverage

No, some have registered but they still evade tax. I don't know how they do it, but I know that some are fully registered, legally registered but they still evade, they don't pay tax. But of course, recently we know that the federal govt. has come up with this very strong policy that every business must pay tax. I think it's strong this time.

<Internals\\INTERVIEWS\\23. (INT - LPG)> - § 3 references coded [4.53% Coverage]

Reference 1 - 1.29% Coverage

Ya, it's registered with govt. Even, we have our own association. I am a new comer now, when I register full, I don't have anything to do with anything this Obio-Akpor tax again.

If I register with my association full then I will not be paying to these Obio-Akpor people. I will just put my paper for them to see

Reference 2 - 1.79% Coverage

Like you know, it depends on the kind of business you are doing. Like we are doing this business now, we have our own people that you can, because we do our own business. The meeting we do it govt. people. We still register with them. If I pay 30 something thousand naira, then I enter the meeting. If you pay this one nobody will disturb you again. The only thing if any member have problem we contribute money and give to the person.

Reference 3 - 1.45% Coverage

They have already tell me but I don't have anything to do with them because we don't deal with anything like that since we already have our own association. We don't have anything with govt. people. We have our own union, once we register for our own, we don't have anything to do with them. I don't know anything about registration in the govt. side.

<Internals\\INTERVIEWS\\26. (INT - OpY)> - § 1 reference coded [1.05% Coverage]

Reference 1 - 1.05% Coverage

My business is registered with the Corporate Affairs Commission as an enterprise. It's quite okay. I won't say it's too simple, I won't also say it's too cumbersome. But it's attainable. It's something you can do. It's not that difficult to do. It's within the, but I know that it can be improved upon. But it's not that difficult. The financial involvement as well is okay, it's not much.

<Internals\\INTERVIEWS\\28. (INT - RC)> - § 1 reference coded [3.57% Coverage]

Reference 1 - 3.57% Coverage

You know that all these things, the application differs, because as for big enterprises, they themselves.....for a small man who is fighting for just let me see some money and buy raw materials and build up something, he will not begin to kill himself, let me go and do this, or do the other one to see that I have government backing. He himself have to find out himself first – meaning, putting out his product in the market, having some little, little something before he will think about, going about registration or let the government know I am here or there. Because by way of those registration or finding something to back you, when government know, or the public know that you are there, so that hiding, you can still hide and do those things after all said and done then you can be able to do all things.

<Internals\\INTERVIEWS\\3. INT - (ADM)> - § 3 references coded [1.20% Coverage]

Reference 1 - 0.44% Coverage

if getting my business registered would take me about 250, 000 to 300, 000 naira, and what I have in my pocket is just 100, 000 naira, and I decide to start running my business with that sum, definitely, I won't give a damn to the laws

Reference 2 - 0.55% Coverage

The governments are supposed to set up a team that goes round to register rather than imposing on the business owners to pass through a rigorous process for their registration. But presently the government is losing because people cannot register their companies because of the process involved.

Reference 3 - 0.21% Coverage

the government need to really educate individual to know the requirement for each business you are going in to

<Internals\\INTERVIEWS\\31. (INT - SM)> - § 3 references coded [3.83% Coverage]

Reference 1 - 1.58% Coverage

The procedure for registering business in Nigeria is very, very simple, unlike before. Because we were tying it, it's part of the parameter they use in measuring the ease of doing business globally and Nigeria has not been faring well but recently, the Corporate Affairs Commission and other relevant agencies have looked at it and simplified guidelines for registering of businesses, simplified guidelines for doing business in Nigeria. But again, that depends on the sector you wanna go..... But when it comes to the informal, the small businesses, the guideline is very simple, registration is very simple, and now you can register a business within 24 hours, especially where it is within business names

Reference 2 - 1.27% Coverage

But once they are mainstreamed from informal to the formal economy whereby they are registered, their activities can be tracked and so on and so forth. They are no more informal and part of our responsibility here in SMEDAN - part of our mandate is to ensure that we assist the informal enterprises and informal entrepreneurs to formalize their activities so that they will have access to a lot of things, because one of their major problem is because they operate in the informal economy, banks don't smile at them, they don't give them loans, because there is no records

Reference 3 - 0.99% Coverage

Like if you see, we are collaborating with corporate affairs commission too that have reduced their fee for either business name or limited liability companies. These are equally to encourage them to ensure that they are registered.....when it comes to the informal, the small businesses, the guideline is very simple, registration is very simple, and now you can register a business within 24 hours, especially where it is within business names

<Internals\\INTERVIEWS\\35. (INT - V)> - § 1 reference coded [2.01% Coverage]

Reference 1 - 2.01% Coverage

We register only with the union that afterwards goes to settle with the govt. on our behalf. All we need to do is to pay some money to the union and if the person that we learn the work from as apprentice, is around then the union officials that register will want to see the person before they register you in the union. We don't register with the ministry. It is the union that settles with them

<Internals\\INTERVIEWS\\36. (INT - VTO)> - § 1 reference coded [0.63% Coverage]

Reference 1 - 0.63% Coverage

. For people who are just starting up a new business, the person has not even made his first profit, you are asking the person to pay a huge sum of money to register the company. It may one way or the other make the person to feel he wants to evade that registration

<Internals\\INTERVIEWS\\38. (INT FAB)> - § 1 reference coded [2.39% Coverage]

Reference 1 - 2.39% Coverage

Registration of business because it's very, very much important and the guideline is very, very okay in this country. The only thing is that some of these small businesses they don't have enough. What they use to produce as an income is only hand to mouth. Some of them do not have even money to go and register their business because they will not save the money, they will take care of the family and all these things because the business is very, very small, it's not yielding...

Appendix 4: Nvivo data coding for unwholesome coalitions for corrupt practices

<Internals\\INTERVIEWS\\1. (INT - ABS)> - § 2 references coded [1.55% Coverage]

Reference 1 - 0.82% Coverage

To be honest, why should I inconvenience myself to go the bank and even pay more as the so called official rate when I can conveniently negotiate like this and pay a lower amount, even with minimum efforts". I think this makes people to evade tax payment"

Reference 2 - 0.74% Coverage

Though in most cases they don't initiate it but at first when you look at their body language, you will know what is likely on their mind. They want to know whether you will yield or not. In a way I will say it's a give and take".

<Internals\\INTERVIEWS\\12. (INT - CB)> - § 1 reference coded [2.25% Coverage]

Reference 1 - 2.25% Coverage

. Most of, in many cases I will blame it on their own ignorance of who they are [their rights] as business people and the environmental factors of kind of stressful life style of poverty, e.t.c. For instance those who came to represent the revenue department, they come to present it like if it is not done now, it cannot be done some other time. So to an extent so come without even a prior notice and wants you to fulfil and because of such persistence for those who are so ignorant of their right they cart away goods that are at times not returned. For some few people they bring them back to them after payment, which is not supposed to be

<Internals\\INTERVIEWS\\17. (INT - FRL)> - § 4 references coded [2.80% Coverage]

Reference 1 - 1.15% Coverage

Well, it can influence it in the sense that when the enforcement officers are, when they decide to, because it normally happens, they take some kickbacks so that you will not pay the actual amount you are supposed to pay or at times even when you pay, it doesn't reflect on the govt. account. They don't show it up there. So, thereby you know, once you get to know most of these things you can decide not to do anything, not to pay or allow anybody to intimidate you because they will also be afraid of being exposed. So in such a situation it can be influenced

Reference 2 - 1.03% Coverage

That is what makes me angry. Govt. does not want these people to operate as street vendors yet there are returns that are made from these people to govt. officials. Anyway, I don't think these payments are reflected on govt. records. I believe that the money

collected through the vendors' association goes into pockets of some govt. officials as bribe. Every person that comes in to start the street vending is made to understand that the daily levy is compulsory for everyone in that line of business

Reference 3 - 0.27% Coverage

Sometimes when you are supposed to pay 6,000 naira for instance, they will say pay 4,000 naira and that goes into their pocket

Reference 4 - 0.37% Coverage

Also, we the small business owners' do bribe the agents by giving them some stipends telling them we don't have much and that goes into their pockets and not the government purse.

<Internals\\INTERVIEWS\\21. (INT - IR)> - § 1 reference coded [0.61% Coverage]

Reference 1 - 0.61% Coverage

It is the defaulter, it's the defaulter that will initiate, will call and say ah, let me do this, let me do that. You know, and the law enforcement agencies always take advantage of that.

<Internals\\INTERVIEWS\\25. (INT - NSP)> - § 1 reference coded [1.05% Coverage]

Reference 1 - 1.05% Coverage

So we pre-empt what govt. will do. We believe that some govt. officials usually tell few people on what the next policy will be, and when such things filter out, gradually we pick them up, then before you know, it is amplified, and then people begin to work towards either breaking the rules or look for a short-cut to make sure that they are not tampered with.

<Internals\\INTERVIEWS\\3. INT - (ADM)> - § 1 reference coded [0.27% Coverage]

Reference 1 - 0.27% Coverage

I understand that the operators who come to the market to check for those who are complying with the law are people you can bribe with 5,000 naira

<Internals\\INTERVIEWS\\30. (INT - SAT)> - § 1 reference coded [2.14% Coverage]

Reference 1 - 2.14% Coverage

.....one would just conclude that even if I go and pay the particular amount is the same person that will put the money into his/her private pocket, so, instead no need, so the next

thing is to go and meet him and negotiate with him on how to reduce the amount and that is why when it comes to internally generated revenue is very poor due to the corrupt nature of the officials as well

<Internals\\INTERVIEWS\\4. (INT - AE)> - § 1 reference coded [1.31% Coverage]

Reference 1 - 1.31% Coverage

Sometimes too, they will come with the threat of wanting to come and demolish our structures here but after we organize ourselves and arrange some money for them, that closes the matter for that time. Of course that money does not go to govt. purse rather it goes to the pockets of individuals

Appendix 5: Nvivo data coding for impunity related to enforcement of laws and regulations

<Internals\\INTERVIEWS\\11. (INT - CAI)> - § 1 reference coded [1.01% Coverage]

Reference 1 - 1.01% Coverage

Sometimes if these agents or agencies (their staff) they go out for enforcement, they go about beating them, they go about threatening them, they go about seizing their property, they go about burning even their premises, sometimes, yes, it has occurred severally, in different parts of the country. And therefore these business people see them as no friends

<Internals\\INTERVIEWS\\12. (INT - CB)> - § 1 reference coded [0.88% Coverage]

Reference 1 - 0.88% Coverage

The laws are weak because they are not really enforced – when someone defaults proper action is not taken, proper discipline is not taken. By the level they go I don't really see how helpful the laws are, because the laws are kind of like one-sided.

<Internals\\INTERVIEWS\\13. (INT - CS)> - § 2 references coded [0.84% Coverage]

Reference 1 - 0.16% Coverage

Yes, yes, because they have different fake groups

Reference 2 - 0.69% Coverage

But the problem there is, these agents that comes we don't know the right one. We have about five different groups. So it makes people withdraw from obeying the or following the instructions and rules and regulations.

<Internals\\INTERVIEWS\\17. (INT - FRL)> - § 1 reference coded [0.57% Coverage]

Reference 1 - 0.57% Coverage

it is just a façade to give the impression that they are working may be because there is currently a public spotlight on that particular case. Even when this happens, the govt. agents would expect those they chase away to return so that can continue to collect bribe money from them

<Internals\\INTERVIEWS\\18. (INT - FSH)> - § 2 references coded [2.67% Coverage]

Reference 1 - 0.95% Coverage

Let me say they have a dubious character, they will harass people. You know, some of them, their knowledge is very poor. The way.... they will....I don't know how to describe them.

Reference 2 - 1.72% Coverage

In fact let me put it that they are wicked. The way they will be treating people, insulting them. I normally come across them, I feel pity for those people, but there is nothing you can do. You will see people seizing their goods. A kind of torturing them, those kind of a thing, as if that all of us are not even the govt.

<Internals\\INTERVIEWS\\21. (INT - IR)> - § 2 references coded [1.49% Coverage]

Reference 1 - 0.99% Coverage

.....most recently politicians have come into Internal Revenue and consultants have been employed to do certain jobs. We have observed that thugs and police have been mounting road blocks to check who has paid this road tax or not, and this has caused embarrassment to both the board and the public at large

Reference 2 - 0.51% Coverage

You see every day, government agents will come and raid and throw away things, along the road where people have set up small kiosk and small things to sell

<Internals\\INTERVIEWS\\26. (INT - OpY)> - § 1 reference coded [0.48% Coverage]

Reference 1 - 0.48% Coverage

They just virtually want to intimidate these persons so as to get maximum eh, something, to get something out of them [bribe money]. Because they have no choice, they have to pay

<Internals\\INTERVIEWS\\28. (INT - RC)> - § 1 reference coded [1.01% Coverage]

Reference 1 - 1.01% Coverage

is just a waste of time. Hence those laws are not affecting the people, it has to be changed. How can somebody just make laws and is just on paper, they are using it to intimidate people, and not just to have a better regulation

<Internals\\INTERVIEWS\\30. (INT - SAT)> - § 1 reference coded [1.65% Coverage]

Reference 1 - 1.65% Coverage

SAT: But in terms of circumventing the rules and regulations in business it has to do with those enforcing the law, for example you as a business man you may want to obey the rules by saying you want to go and pay what is due to government, but the officers will tell you that you are wasting time

<Internals\\INTERVIEWS\\6. (INT - APR)> - § 1 reference coded [1.83% Coverage]

Reference 1 - 1.83% Coverage

sometimes the customs will try to take our goods, but they will free some after when they might have bribed them and yet, they will punish others, so that is corruption as well. So because of all these things people try to follow other means and cut corners to do their business

<Internals\\INTERVIEWS\\9. (INT - Au T)> - § 1 reference coded [0.70% Coverage]

Reference 1 - 0.70% Coverage

I don't mind what the law is saying, what I do is what I feel is right for the present situation

Appendix 6 and 7: Nvivo data coding for institutional passivity (laxity of enforcement)

<Internals\\INTERVIEWS\\17. (INT - FRL)> - § 1 reference coded [0.40% Coverage]

Reference 1 - 0.40% Coverage

even the government officials themselves are not serious about these laws because they too know they will not be able to follow such laws if they were the ones in the shoes of the business people.

<Internals\\INTERVIEWS\\20. (INT - IBS)> - § 1 reference coded [0.31% Coverage]

Reference 1 - 0.31% Coverage

The reason why you see these kinds of business rampant is because the govt. doesn't care

<Internals\\INTERVIEWS\\22. (INT - IZ)> - § 1 reference coded [1.02% Coverage]

Reference 1 - 1.02% Coverage

No, I can't continue because they [government] are not protecting me, eh, eh, I can't continue. Whereas if they are protecting me then I will continue [to comply with formal regulations], but wherever they are, where they are doing that [enforcing my property rights], I stop it because they are not helpful, something that is helpful that you run to.

<Internals\\INTERVIEWS\\25. (INT - NSP)> - § 2 references coded [1.42% Coverage]

Reference 1 - 0.93% Coverage

Year in, year out, many people don't pay tax. Individual taxes, they don't pay, the government tax itself, they don't pay. They just stay away from them, and then nothing happens to them. So I think that is the influence or what helps them to get away from the formal sector and remain perpetually in the informal sector

Reference 2 - 0.49% Coverage

Well, to be candid, it is nothing to write home about, because we, the laws are there but we dodge them. We dodge them in the sense that the laws have no teeth to bite.

<Internals\\INTERVIEWS\\27. (INT - PRL)> - § 2 references coded [3.32% Coverage]

Reference 1 - 1.80% Coverage

So, here in Nigeria, I am sorry to use these words, there is a kind of confusion in government. They have not set their priorities right, if not they should be making good money from us, because many of us are just there. We don't pay tax, except when we want to renew our papers - our vehicles and all these other stuff – that we pay something to the

government. But otherwise, we are just on our own, we make the gain and we suffer the loss all alone.

Reference 2 - 1.51% Coverage

Well as far as I am concerned, if there are govt. agencies that are regulating the activities of business owners, as far as this state is concerned, they are not doing anything very serious as to see us respecting those laws.....But at this level of our business, we virtually see nobody that comes to tell you what to do and what not to do. So every business man is on his own”.

<Internals\\INTERVIEWS\\28. (INT - RC)> - § 1 reference coded [1.08% Coverage]

Reference 1 - 1.08% Coverage

After you went to engage the services of a watch-night or watchman and at long run you find out that watchman is not doing anything. It's better that you leave that watchman and leave yourself, if the thief comes, you will fight them on your own.

<Internals\\INTERVIEWS\\32. (INT - SMJ)> - § 1 reference coded [0.59% Coverage]

Reference 1 - 0.59% Coverage

The main problem we are having in this business is government, some of these government agencies, I believe they have not done what they are supposed to do, it's their duty to encourage citizens,

<Internals\\INTERVIEWS\\36. (INT - VTO)> - § 3 references coded [2.05% Coverage]

Reference 1 - 0.56% Coverage

somebody will produce something very nice, the next moment another person has translated it and copied it. Even if you go to court you discover that you start spending money and time and energy. At the end you will not even win the case

Reference 2 - 0.18% Coverage

Unseriousness of govt to enforce their policies properly is also affecting it.

Reference 3 - 1.31% Coverage

Not that they are not there. Law against piracy and infringement of people's patent right. But how effective is the implementation of these laws. You see somebody will produce something very nice, the next moment another person has translated it and copied it. Even if you go to court you discover that you start spending money and time and energy. At the

end you will not even win the case. So because people don't trust the govt. to ensure that those patent right laws they have is properly controlled, that is why they decide to work on their own

Appendix 8: Nvivo data coding for clash between formal regulations and traditional beliefs/norms

<Internals\\INTERVIEWS\\11. (INT - ABS)> - § 2 references coded [2.06% Coverage]

Reference 1 - 1.16% Coverage

I will follow my culture because for something that is a taboo in my culture, of course, I wouldn't want the gods of the land to strike me down. The law cannot strike me down, I believe. So in that situation, I will follow my culture and leave the law to fight for itself. This includes my religious beliefs which I will allow to take precedence over the law"

Reference 2 - 0.90% Coverage

If you want to set up laws, you must first of all consider what is realistic, you consider what is obtainable in your environment. You set the law to suit the situation in your country. If you want to set laws, don't import laws but look at the society and see what is realistic.

<Internals\\INTERVIEWS\\11. (INT - CAI)> - § 3 references coded [4.12% Coverage]

Reference 1 - 1.84% Coverage

"when the European people started coming into Africa, especially into our own area, the Niger Delta region, from Akassa to this our own area. The kind of businesses people were doing were so small, and the business I would say, they are traditional business. They have days to their markets and after which you don't see anybody doing any business again. The market days were periodical. Once in a month, two times in a month, once a week. Those were the kind of markets we were having. And for business activities to boom at a particular period, it depends on the very day that market falls into, and thereby restricting business activities in the area"

Reference 2 - 1.23% Coverage

"You know, most of our laws – as a lawyer I have to be very specific and direct. Most of our laws are achaiic laws. Achaiic in the sense that it only address the problems of those days and not the current problems of this generation. Like now, you will see laws that were established in 1893 that are still used in Nigeria. Laws that were enacted or promulgated in 1900, they are still used in operation in Nigeria. In the 30s, 40s....."

Reference 3 - 1.05% Coverage

Um....., definitely there are a lot of things. Like now let's say, in doing business in the general, let's say, in the secular system. Women in those days were restricted in doing certain businesses but today some of our economic policies and laws have made it so open that women could also go into certain businesses which our traditional belief restricted. So it clashes

<Internals\\INTERVIEWS\\12. (INT - CB)> - § 1 reference coded [2.19% Coverage]

Reference 1 - 2.19% Coverage

Hmmmm..... ok I think I can only answer this question on the format of religion. That may be my angle. So now I will say that if it has to do with violating the typical doctrines of my religion I will stand disobedient to the government law. But if it is just about human cultures I will also still analyse my culture and the law, which one conforms with obedience to divine mandate and the one that suits me, that I will obey. I put my answer this way, because the cultures of men, not all still rule, still control my life. So any govt. law that will ,make me disobedient to divine absolute laws, I will stand disobedient."

<Internals\\INTERVIEWS\\17. (INT - FRL)> - § 4 references coded [2.39% Coverage]

Reference 1 - 0.34% Coverage

when they go to borrow these laws from abroad, they are not looking at the society, they are not looking at the culture, they are not looking at the need of the people.

Reference 2 - 0.26% Coverage

Most of the foreign policies that are adopted in Nigeria were formulated by people who were not traditional in their orientation.

Reference 3 - 1.01% Coverage

For instance, there is a belief that has to do with broom, calabash and the likes, there are some kinds of cultural beliefs attached to them. Also, there are some community that believes as a woman you don't clime things and here the government says you must climbing to cross the road and anyone who violate the law will be arrested and I have people who will not climb no matter the threat, even in my community where I came from, females don't climb mountain. So this also applies to business.

Reference 4 - 0.78% Coverage

Like locust beans, there are traditional beliefs about it so no matter what govt. says about it, it does not change the traditional beliefs that people hold about it. They even believe that things like locust beans are core traditional things that govt. does not have to get involved in how people should use them but rather left strictly in the traditional way that they are used".

<Internals\\INTERVIEWS\\24. (INT - LUB)> - § 1 reference coded [0.45% Coverage]

Reference 1 - 0.45% Coverage

In that case, it depends as in how powerful the culture is and how powerful the govt regulation is too. I will just consider the two and chose the one that is more beneficial to me.

<Internals\\INTERVIEWS\\3. INT - (ADM)> - § 2 references coded [1.03% Coverage]

Reference 1 - 0.48% Coverage

where I come from there is no custom that goes against the payment of tax to govt. However, people kick against payment of tax to govt. for very personal reasons and one of the questions is that what is the govt. doing for me that I should pay tax to govt.?

Reference 2 - 0.55% Coverage

There are lots of areas where cultural beliefs and govt. laws and regulations are clashing. I did mention previously that if the laws of govt. are not in conformity with the laws and customs of a particular set of people, those kinds of laws will not be able to survive in that kind of environment

<Internals\\INTERVIEWS\\30. (INT - SAT)> - § 1 reference coded [1.59% Coverage]

Reference 1 - 1.59% Coverage

To me personally I don't like the idea of we Nigeria bringing in most of the things that are working in the western world because their environment is quite different from ours, so there are things that may survive in the western world but when you bring it here it will not survive

<Internals\\INTERVIEWS\\31. (INT - SM)> - § 1 reference coded [0.31% Coverage]

Reference 1 - 0.31% Coverage

if you look at it thoroughly, tradition, culture, and so on, and so forth, might hinder some businesses from going beyond the informal level

<Internals\\INTERVIEWS\\32. (INT - SMJ)> - § 1 reference coded [2.33% Coverage]

Reference 1 - 2.33% Coverage

“Yes our government over the years have choose to listen to IMF and all this World bank and the rest, but the problem is that sometimes our environment varies, these people give all these rules, laws to our government because they give money to them or because they feel indebted, because of one thing or the other to force some policy across even when it's not favourable to the citizen or the common man as sometimes the government will have no choice than to accept rather for them not to lose the help they get from them. they will now dictate the policies for them and because they can't just do otherwise, they follow the policies, a lot of examples where we follow these policies and has led us nowhere and people will definitely bear the brunt, the commoners,.....”

<Internals\\INTERVIEWS\\36. (INT - VTO)> - § 1 reference coded [0.43% Coverage]

Reference 1 - 0.43% Coverage

as a learned person, I believe I will choose that of the govt. because I believe that the govt. laws and regulations have been properly refined to suit the condition of the day.

Appendix 9: Nvivo data coding for trade associations as competing informal institutions

<Internals\\INTERVIEWS\\20. (INT - IBS)> - § 2 references coded [1.13% Coverage]

Reference 1 - 0.78% Coverage

I can obey the laws of my union better than the government laws because my union protects me better than government.. Government is not doing anything for me apart from the Nigerian currency that everybody is spending.

Reference 2 - 0.35% Coverage

We always experience that, so what we do as a union, we send our representative to the govt. office

<Internals\\INTERVIEWS\\21. (INT - IR)> - § 1 reference coded [0.84% Coverage]

Reference 1 - 0.84% Coverage

The union is not a tax collecting agencies. They are not supposed to be a tax collection agency but they are assuming that position, and the board said no. It's not supposed to be that. What you are supposed to do is protect your members and not collect tax.

<Internals\\INTERVIEWS\\27. (INT - PRL)> - § 1 reference coded [0.44% Coverage]

Reference 1 - 0.44% Coverage

the Lagos State govt. has mandated all artisans to belong to a group so that they be able to reach out to them

<Internals\\INTERVIEWS\\29. (INT - RSPK)> - § 2 references coded [2.34% Coverage]

Reference 1 - 1.89% Coverage

In Rivers State here, we have agencies that is in charge of collecting revenues – the Rivers State Internal Revenue Service. Now, because of the incessant harassment and molestation and things like that, that come from govt. agencies, the traders or business men in Port Harcourt have formed some kind of a pressure group, have registered a union, as an umbrella that protects them. Like here, we have what we call OHIBA. This OHIBA is under Pillars of Association of traders in Port Harcourt. Now, Port Harcourt is sectioned. You know, they are kind of balkanized in sections, that the area where I operate, we are called OHIBA, which is Rumuebekwe and whatever, whatever unit. So, now, under this umbrella, all of us that are traders, we are a kind of a pressure group.

Reference 2 - 0.45% Coverage

If there is any govt. revenue, it is under the umbrella that we kind of decide or negotiate with government The executive negotiates with government of how much they think we can pay

<Internals\\INTERVIEWS\\8. (INT - ASH)> - § 1 reference coded [3.05% Coverage]

Reference 1 - 3.05% Coverage

Now we have association – Abuja manufacturing association. It is a strong association. If you are a member who has registered by filling their forms getting your membership card, you can attend the meetings of the association. If you don't attend any of the meetings you may be made to pay a fine which goes into the account of the association. Also members pay a compulsory levy. This money is used to meet the welfare needs of members such as when a member is bereaved and the association has to provide some money to assist the individual. Apart from the money assistance, some members would be mandated to accompany the individual to his community.

Appendix 10: Nvivo data coding for formal sector exclusion

<Internals\\INTERVIEWS\\10. (INT - C& I)> - § 1 reference coded [0.82% Coverage]

Reference 1 - 0.82% Coverage

If you cannot meet the conditions of the formal sector you have no choice but to, and because you think you can meet the conditions of the informal sector, you will rather operate within the informal sector. You remain in the informal sector because you can't do it in the formal sector.

<Internals\\INTERVIEWS\\12. (INT - CB)> - § 1 reference coded [1.63% Coverage]

Reference 1 - 1.63% Coverage

From my own understanding it's a discouragement, so it influences them to go into small scale business because this other mainstream are not able to encourage them to go into large scale businesses that will get them involved with keeping government laws and rules. They choose to go that way because these other parties [mainstream economy] that should have been like parents to support them to back them up are not able so they go for the survival of the fittest.

<Internals\\INTERVIEWS\\16. (INT - FIB)> - § 1 reference coded [1.08% Coverage]

Reference 1 - 1.08% Coverage

you are not buoyant enough, maybe to meet up their [formal sector's] requirement.

Appendix 11: Nvivo data coding for formal sector exclusion (requirement of formal education)

<Internals\\INTERVIEWS\\1. (INT - ABS)> - § 1 reference coded [1.29% Coverage]

Reference 1 - 1.29% Coverage

Well, I don't think your educational qualification has anything to do with business in fact, because, there are people who never saw the four walls of, okay, may be they have the basic education, the primary education. Some dropped out of their secondary education but they are making waves. So it is not compulsory that you must see the four walls of a higher institution to make it big in business

<Internals\\INTERVIEWS\\10. (INT - C&I)> - § 1 reference coded [1.17% Coverage]

Reference 1 - 1.17% Coverage

Yes, it is very clear that the educated mind has a different and clearer perspective of business climate than the uneducated mind, and that itself influences the business they go to. The person that is not educated, who is a stark illiterate, will not be able to run, em..will not even be thinking of business beyond just his level. So in the same vein, an educated mind will also think within his own level

<Internals\\INTERVIEWS\\12. (INT - CB)> - § 1 reference coded [2.38% Coverage]

Reference 1 - 2.38% Coverage

I would think of orientation because there are some businesses that somebody can actually do and still succeed and progress even without education except on the grounds that this person's illiteracy is to the extent of not being able to count the money he or she makes at all. If it is to that level then I will say it's difficult, but if the person can count money and answer business questions, I think there is possibility of the person doing business. Once again I would still say it depends on the person's orientation and family background. If somebody comes from a family background where a person's upbringing is lively and social, the person may not have too much problems

<Internals\\INTERVIEWS\\13. (INT - CS)> - § 1 reference coded [1.37% Coverage]

Reference 1 - 1.37% Coverage

Okay, let's start by looking at those who do not have any educational qualification at all. If you look at especially the Ibos, a lot of them did not go to school but they go through apprentice and after which they settle them. These people did not have any or do not have any qualification but however, they still went through the training process – apprentice process – came out successfully. They have been trained on that ground

<Internals\\INTERVIEWS\\14. (INT - DM)> - § 2 references coded [2.87% Coverage]

Reference 1 - 0.81% Coverage

Either you further your education or you buy somebody who will help you doing those business then you sit there at the top.

Reference 2 - 2.06% Coverage

Like I said inferiority complex, if you are not well educated, there is where you will reach you will look for somebody who will help you or buy and..... somebody who do business administration to help you. But all these things are money. Like this local production, you do business at your own level, later you may grow.

<Internals\\INTERVIEWS\\15. (INT - ELECTRO)> - § 1 reference coded [1.96% Coverage]

Reference 1 - 1.96% Coverage

That can never discourage me. It can only discourage from starting at that big level because of the educational qualification that is required, that can discourage me. But once I can start small with that one that I have, I can grow it.

<Internals\\INTERVIEWS\\17. (INT - FRL)> - § 1 reference coded [0.37% Coverage]

Reference 1 - 0.37% Coverage

Yes it does because I know a few people who would say they are in a particular business, all because the society cannot afford them education, that wasn't what he wanted to do

<Internals\\INTERVIEWS\\18. (INT - FSH)> - § 1 reference coded [1.47% Coverage]

Reference 1 - 1.47% Coverage

like there was a time somebody tried to introduce me to this fashion...modelling of fashion something. Inferiority complex, I just feel somehow, hey, meeting with all those learned people, big people. What am I going to talk with them. I don't know ooo, I don't want ooo! Ah.

<Internals\\INTERVIEWS\\19. (INT - HTY)> - § 1 reference coded [0.27% Coverage]

Reference 1 - 0.27% Coverage

You know, even those big businesses that are seen as big businesses they started at a level

<Internals\\INTERVIEWS\\28. (INT - RC)> - § 1 reference coded [1.99% Coverage]

Reference 1 - 1.99% Coverage

The thing is that nobody can work beyond his level of information. Somebody that is educated have a level of information and somebody that is not educated have a level of information. So anything you are doing, you do it at your own level, so it affects. Somebody that is educated will do as educated somebody and somebody that is not educated likewise do it as uneducated. Not only inferiority complex, but his level of understanding and qualification

<Internals\\INTERVIEWS\\29. (INT - RSPK)> - § 1 reference coded [1.05% Coverage]

Reference 1 - 1.05% Coverage

I have uncles that did not, in fact it's just yesterday they went to pat-time, this long distance education to now acquire degree from the university in Enugu. But they've built empires already for the family. They started when they didn't go much school, primary school per say. But today what they have is big. So I know that their growth became faster even as they went to school, but that business idea, everything is there.

<Internals\\INTERVIEWS\\3. INT - (ADM)> - § 2 references coded [0.61% Coverage]

Reference 1 - 0.18% Coverage

the level of education goes a long way to determining the form or the type of business you will do

Reference 2 - 0.42% Coverage

So for the kind of person who is not educated to start a business, he looks at, what is it that I can do? What is it that I will be able to manage? What is it that I can easily supervise and then make some form of profit on it?

Appendix 12: Nvivo data coding for formal sector exclusion (requirement of capital)

<Internals\\INTERVIEWS\\15. (INT - ELECTRO)> - § 1 reference coded [1.86% Coverage]

Reference 1 - 1.86% Coverage

Like before that we are looking for BOI loan, BOI will give like Chikason, Inoson, hundred million, two hundred million, but we that need two million BOI will say we cannot meet up to their demand because we are still small

<Internals\\INTERVIEWS\\2. (INT - AC)> - § 1 reference coded [1.67% Coverage]

Reference 1 - 1.67% Coverage

When you want to start it big, you need capital. That is why some people might have the idea of starting it big but because they don't have capital, they have to start it from small scale and if the business start growing, it will grow to a larger one, a bigger one. Capital is one challenge that I know that people use to have.

<Internals\\INTERVIEWS\\20. (INT - IBS)> - § 1 reference coded [1.45% Coverage]

Reference 1 - 1.45% Coverage

No we don't have because the only way we could have had with them, no bank that have accepted of soft loan of one, because like other countries like Brazil, Italy, even this China, they give them soft loan to pay in twenty years, thirty years, but here in Nigeria, it is not happening. Even where you go to micro finance Bank to access one of 100,000 naira, they will give you ultimatum of five weeks to pay.

<Internals\\INTERVIEWS\\24. (INT - LUB)> - § 2 references coded [2.53% Coverage]

Reference 1 - 1.46% Coverage

.....Rather there was a time, say for instance, for you to get any financial assistance from govt., they will ask you to go and get security that has Certificate of Occupancy, and here in Anambra state, to get C of O is very difficult. It's not poor man's meal. So what we did on our own is just to, as in, back then, and believe that if we, since we have the skills needed, since we know that we can do it, let's just continue on our own, as in not by not abiding by their rules and regulations, but let's continue doing our business on our own without govt.'s help, and we are making it

Reference 2 - 1.07% Coverage

For instance, when we started, we kind of hoped in govt. parastatals that, as in, agencies like NERFUND, BOI that they will be of help in terms of finance in order to empower our business but

we didn't get it from neither of them, not even commercial banks, because of their requirements. It's not meant for small, as in for beginners like us. In fact it's very difficult for you to meet with the conditions that they are giving.

<Internals\\INTERVIEWS\\3. INT - (ADM)> - § 2 references coded [1.65% Coverage]

Reference 1 - 0.32% Coverage

Now what are the conditions in securing a loan in the banks? The conditions are very tough. Apart from the conditions being tough, these banks have a very high interest rate

Reference 2 - 1.33% Coverage

.....But because they are not able to create the enabling environment and then to provide the necessary conditions that will make life easy for persons to quickly access facilities and start business. So rather than go through the difficulties that the mainstream sector presents, one might even say, why am I even wasting my time? Instead of starting the business with the little money I have, why do I have to spend that little sum of money in pursuit of a bigger facility which at the end of the day I am not even sure of? So rather than taking on that difficult part, people will rather decide to start businesses on a very small scale possibly illegally on the basis of survival just to move ahead with life”.

<Internals\\INTERVIEWS\\32. (INT - SMJ)> - § 1 reference coded [2.56% Coverage]

Reference 1 - 2.56% Coverage

When because of our environment you keep funding some people while some people cannot even access funds because of the nature of our environment, issues like collateral and so many things that affect accessing funds which have affected people much. Like for a lot of businesses, the banks are not willing to help at all. If you don't have the money, you don't have a choice but to go down to the informal sector. There are problems that affected accessing funds. to access fund is a problem in this area and it has affected most businesses and banks are not willing to help. If you don't have the money is you don't have the money, you can't do otherwise, if you can't just raise the fund than to go down, you descend, the moment you can't go to this sea, you can't just stay at home when the money is not there, then you go the other way round.”

<Internals\\INTERVIEWS\\4. (INT - AE)> - § 1 reference coded [1.55% Coverage]

Reference 1 - 1.55% Coverage

The feeling would be that of ‘what can we do since we cannot change the situation to make them recognize us and also allow us access to the benefits that others are enjoying from the govt., so we can as well forget about govt. loans and face our own way in any way we deem fit to survive’. This will make them not to obey most of govt. laws”.

<Internals\\INTERVIEWS\\6. (INT - APR)> - § 2 references coded [4.77% Coverage]

Reference 1 - 1.64% Coverage

People can just decide to do street hawking and won't mind whether it is against the law or not. They won't even pay tax because they feel they are being neglected and not carried along in govt. programmes, thus forcing them to struggle on their own"

Reference 2 - 3.12% Coverage

The thing is they can't give you except you know someone who is working in the establishment where the loans are being given out. Govt. loans is like that. Those of them that are civil servants can more easily get such loans because they like cornering the loans for themselves but we the business people can hardly get these loans. This is why people will choose to start business with what they have and not bother about govt. loans because they know they cannot get them.

Appendix 13: Nvivo data coding for formal sector exclusion (requirement of minimum quality standard)

<Internals\\INTERVIEWS\\16. (INT - FIB)> - § 1 reference coded [2.19% Coverage]

Reference 1 - 2.19% Coverage

They prefer to import than rather patronize me. But they are calling me to service if anyone break or one, anyone, they can buy from me, but quantity, no no no.

<Internals\\INTERVIEWS\\17. (INT - FRL)> - § 1 reference coded [1.80% Coverage]

Reference 1 - 1.80% Coverage

There is no connection because most of the time the resources you need for your business are not easily accessible. Any time you want to do a business, resources is quite a critical issue. If for instance you wish to start a pure water business, the conditions and the requirements from NAFDAC are such that can discourage the individual because it would all boil down to how much money you have and you may not have that kind of money to follow these conditions from NAFDAC. This is when people resolve to go behind govt. to do their business in their own way. In that case quality is no longer an issue to them. In most cases, they clandestinely produce this water anyhow and package in cheap materials that may not be acceptable to govt. regulatory agencies, and then sell them at cheaper prices. So people desire to go their own way because they cannot easily access needed resources

<Internals\\INTERVIEWS\\23. (INT - LPG)> - § 1 reference coded [2.52% Coverage]

Reference 1 - 2.52% Coverage

Let me say, let me just use this as example now. You have children now, and the children they are three now, and you just give two and and leave one. The other one will think you hate her and you do not love her, and you don't care for, that one will be angry as a human being. Let me say the child will be angry. But once you don't have any option, you will not get anything. Instead you will say when you have you will not give, when the child grow and he has anything, he will say he will not give his father. For govt., if govt. do like that, you know that, that person now, will not be happy with govt..

<Internals\\INTERVIEWS\\24. (INT - LUB)> - § 2 references coded [3.10% Coverage]

Reference 1 - 1.50% Coverage

.....Then coming to this NAFDAC of a thing and the SON, it is true, I know that they are there for quality control and as in to make sure that the goods we bring to the market are of good quality. But, to me, in order to help the beginners to grow, they categorise the thing in a way that, kind of big fish bring big firewood, small fish bring small firewood. It shouldn't be of the same thing with all those people that has already made it in life. There is no way that you can be able to,

as a beginner, to afford the kind of money that they are mentioning for their registration or all those things.

Reference 2 - 1.60% Coverage

They will tell you that you must provide those things that they know that is not even within your capacity to provide. Okay like we wanted to register with them, they said that we should buy, em..., is it, what is it called, visicometry, viscosity viscos meter and things like that and we priced. It's not even something that we can acquire here in Nigeria, it's import, you have to import. When we negotiated with Indian people that will send the machine to us, it's 3. something million. So what's the need of calling us a small business company. You know that we don't have such amount of money but they will impose you, they will force you.

<Internals\\INTERVIEWS\\25. (INT - NSP)> - § 1 reference coded [2.28% Coverage]

Reference 1 - 2.28% Coverage

.....the big businesses believe in importation. Even when they know that we can give them 70 percent of what they want, they will rather take 10 percent from us and import the remaining 90 percent. Raw materials are things that we have, but they discriminate against us that we have low standard raw materials which do not actually meet their demand. So they prefer to bring from outside, and we keep telling them when we go into the organized private sector meeting with them that, look, if your child does not make mistakes, how will he grow. In other words, we have what it takes for us to change, but you are saying we don't have the capacity to give you the quality that you want. Invariably you are telling us that we should go out of market, we should go out of business.

<Internals\\INTERVIEWS\\31. (INT - SM)> - § 2 references coded [3.03% Coverage]

Reference 1 - 1.22% Coverage

Yes, if you look at it basically, some of the big enterprises, whenever they need all these things, they have to come up with their own specification, their own quality, the type they need and so on and so forth,. But a lot of them too still complain that some of these products they need from these small businesses is below standard, is not to their own specification. But I think if they specify what they need to small businesses, they will equally provide it for them. And that is why a lot of them tend to engage in importing what they need

Reference 2 - 1.80% Coverage

If you look at it, SMEDANis to ensure that micro, small and medium enterprises are promoted efficiently and in a sustainable manner. Part of our mandate is to be voice of these MSMEs. We've been working in collaboration with SON, Standard Organisation of Nigeria, NAFDAC and other institutions that normally ask some of these small businesses to meet one requirement or the other. We know we have intervened in some cases with NAFDAC whereby some of the small businesses that are operating without NAFDAC number and so on, and so forth. And whereby the cost of getting some of the certification is high, we have come out and asked

them to reduce their cost and prices in terms of some of these small businesses. And in some cases too, we have equally helped some of them to meet, to pay some of their bills

<Internals\\INTERVIEWS\\33. (INT - Sy)> - § 2 references coded [4.36% Coverage]

Reference 1 - 3.40% Coverage

It will make someone, if you are producing your goods, it make sure your goods is very neat and eh, it will be good, if you follow govt. laws is good, like NAFDAC and all this SON. It's good, it will make your business move faster. I am thinking of it, because of finance and you know to register NAFDAC is not small money. It costs a lot of money, so I can't provide the money now because I know that I will register for this NAFDAC, but now there is no money for it.

Reference 2 - 0.96% Coverage

Because to register NAFDAC much money, SON the same thing. So financial problem can make somebody to do business without govt. law.

Appendix 14: Nvivo data coding for societal-level exclusion

<Internals\\INTERVIEWS\\19. (INT - HTY)> - § 1 reference coded [0.69% Coverage]

Reference 1 - 0.69% Coverage

We are still talking about provisions here – provision of amenities, provision of funds, provision of security. A lot of other factors, you know, that underplay. Now somebody who wants to do a formal business, there are a lot that has to be done

<Internals\\INTERVIEWS\\26. (INT - OpY)> - § 1 reference coded [1.27% Coverage]

Reference 1 - 1.27% Coverage

you want to go into a business that demands a lot of power, it needs electricity so much and you don't have the electricity. You don't have the means to provide the electricity. You have the means to do the business but you know that you have to now additionally provide electricity for yourself. And the place there is no electricity in that place, it's not accessible. It can also fail you, it can also discourage you from going into such businesses at that high level.

<Internals\\INTERVIEWS\\30. (INT - SAT)> - § 1 reference coded [2.99% Coverage]

Reference 1 - 2.99% Coverage

not just giving somebody money and the person will tell you he will do road, do light at the end of the day you will not see anything that is done with the money that was given out or collected, in such a case my tradition does not support such. Where I come from any contribution we are doing in the village, say okay we are about to use it for so and so project like for security, for road construction and the rest, unlike when they will tell you pay for this and that and we are not really getting those services which they promise.

Appendix 15: Nvivo data coding for societal-level exclusion (deprivation of need for infrastructure, social services and other basic rights)

<Internals\\INTERVIEWS\\1. (INT - ABS)> - § 1 reference coded [0.83% Coverage]

Reference 1 - 0.83% Coverage

if I am obeying the law and the laws are working for me, there is nothing that will make me not to obey the law. If I am a law abiding citizen and whenever I need the law to act for me and the law is also acting for me, I will not do anything against the law.

<Internals\\INTERVIEWS\\10. (INT - C&I)> - § 2 references coded [0.92% Coverage]

Reference 1 - 0.35% Coverage

govt. business is to create that enabling environment. A lot of times they have a lot of expectations but we are working.

Reference 2 - 0.57% Coverage

If you meet the business people they complain of different drawbacks militating against their businesses. They complain of infrastructure mainly. They complain of no regular light for their businesses

<Internals\\INTERVIEWS\\11. (INT - CAI)> - § 1 reference coded [1.21% Coverage]

Reference 1 - 1.21% Coverage

.....In other developed societies where peasantry business is carried on, the govt. promotes them, the govt. encourages them, the govt., you know, regulates their activities. But in Nigeria, the govt. do not pay attention to these peasant business people. That is why they have taken the laws into their hands by not registering it, because what will they do by registering these businesses as they are not being encouraged.

<Internals\\INTERVIEWS\\12. (INT - CB)> - § 1 reference coded [0.62% Coverage]

Reference 1 - 0.62% Coverage

there is bound to be disobedience because they don't see anything they are benefiting from this government so how is it bringing about laws that they are expected to be part of

<Internals\\INTERVIEWS\\18. (INT - FSH)> - § 1 reference coded [0.55% Coverage]

Reference 1 - 0.55% Coverage

it is expected that what you are paying to government, in turn, government is giving you certain security

<Internals\\INTERVIEWS\\19. (INT - HTY)> - § 1 reference coded [1.97% Coverage]

Reference 1 - 1.97% Coverage

The same boils down to the fact that govt. has not made such provision for them. For example, if you must do business, certain business like what we do here, you must create water supply for yourself, which in some other climes in the world, govt. makes those provisions for any business man or woman. They make provisions of water. They give you water. Like here, most of us, we don't have even road to where we are doing our business but we try to make sure that we find a way that our customers will meet, will come to where we are doing our business. We make such provisions by ourselves. So, in so doing, people evade taxes, because business does not respond to the yearnings of the people.

<Internals\\INTERVIEWS\\20. (INT - IBS)> - § 1 reference coded [1.45% Coverage]

Reference 1 - 1.45% Coverage

Okay, now, we are paying the security by ourselves. We are doing everything here with our own money, the local govt. is not, the govt., we are not, we didn't depend on govt.. So for anybody to come and tell me he is a development officer, we should pay this, this or that, that person is getting me angry. Is it not the money I am supposed to pay to government that I now use to provide facilities by myself?

<Internals\\INTERVIEWS\\26. (INT - OpY)> - § 1 reference coded [0.86% Coverage]

Reference 1 - 0.86% Coverage

You know, because govt. is supposed to provide security, electricity, and in providing these things alone, your business is improved to a large percentage, up to probably about 20% already. But whereby you have to provide security, you have to provide electricity, already. So your overall output is already influenced

<Internals\\INTERVIEWS\\27. (INT - PRL)> - § 2 references coded [2.82% Coverage]

Reference 1 - 1.91% Coverage

Well, as Christians we use to talk about who wants to reap from where they did not sow. Now the govt. itself is not providing enabling environment so for them to be much particular about us, makes us feel somehow. Like in my own business, I have to provide my

equipment, look for money, get loans, and the equipment are very expensive. Govt. is not giving us soft loan or anything that we can use to establish. So for them to come and be asking us for anything is not really fair

Reference 2 - 0.91% Coverage

Like I said, the govt. ought to be making a lot of money from the informal sector but like I said, their inability to provide the necessary amenities and resources, makes the business people also tend to look away from the govt

<Internals\\INTERVIEWS\\28. (INT - RC)> - § 1 reference coded [1.14% Coverage]

Reference 1 - 1.14% Coverage

If I am obeying the law and the laws are working for me, there is nothing that will make me not to obey the law. If I am a law-abiding citizen and whenever I need the law to act for me and the law is also acting for me, I will not do anything against the law.

<Internals\\INTERVIEWS\\31. (INT - SM)> - § 1 reference coded [1.01% Coverage]

Reference 1 - 1.01% Coverage

If you look at it, I must say that govt. has not been fair to them.....because the support is not there. A lot of the small businesses are a govt. on their own. They provide their own power, because you know here, we have infrastructural challenge, especially in terms of power, good roads and so on, and so forth. Because the small businesses too have to move their produce from where they produce to the market and they don't need to fly, but the roads are not

<Internals\\INTERVIEWS\\32. (INT - SMJ)> - § 2 references coded [2.15% Coverage]

Reference 1 - 1.49% Coverage

When the government that is coming to enforce this law, the moment they are unable to show people the result all this tax/revenue, I think people will now see it as a deceit, people believe what they see, we can easily believe you when we see the good things you're doing, there is no two ways about that, when we can't see or verify is suspicious anyway and can be regarded as either punishment or whatever, there have to be evidence, then people will believe you and cooperate with you."

Reference 2 - 0.66% Coverage

These kinds of situations simply make people believe that govt. is exploiting them. It is only when you educate them and make them understand the reasons why they should pay that is when people can be happy to comply"

<Internals\\INTERVIEWS\\36. (INT - VTO)> - § 1 reference coded [1.55% Coverage]

Reference 1 - 1.55% Coverage

Govt. did not set up that business for that person, they did not give you any facility, they did not give you any encouragement, and then when you start up that business they will start coming to demand for tax from you. So to them it looks unfair. They will rather operate informally and then pursue their business in the informal way than operating formally because they feel the govt. has not assisted them in any way whatsoever. Why should they now start paying tax to the govt. because operating formally demands you pay your tax, you pay your levies and then other things as well. So it greatly affects people's way of doing business informally.

<Internals\\INTERVIEWS\\38. (INT FAB)> - § 1 reference coded [3.75% Coverage]

Reference 1 - 3.75% Coverage

Before you impose tax on someone, tax is give and take. Before you impose a tax on a business man there must be something that very business man is getting from you that keep moving that business. But when you are sitting aside just making laws that will be extracting money from the business that very person is doing automatically that very person will be looking for a way of escaping you so that you will not liquidate him. If law of tax is being created and the govt is well functioning in every entrepreneur's business, they are giving their support to make sure that very business is moving and the business is flourishing, they look inside the business and make sure that,.....what will make that very person not to pay back, you have to pay back.

Appendix 16: Nvivo data coding for need for achievement (need for importance)

<Internals\\INTERVIEWS\\1. (INT - ABS)> - § 1 reference coded [0.36% Coverage]

Reference 1 - 0.36% Coverage

the name that you are craving for yourself in the society, you don't want people to hear that you are evading tax.

<Internals\\INTERVIEWS\\11. (INT - CAI)> - § 1 reference coded [0.61% Coverage]

Reference 1 - 0.61% Coverage

He or she wants people to see him as an important person, and seeing you as an important person will want to influence you to go for bigger businesses, not smaller businesses because of the effect on his or her ego.

<Internals\\INTERVIEWS\\13. (INT - CS)> - § 1 reference coded [0.89% Coverage]

Reference 1 - 0.89% Coverage

Well, there are people that have that personality but they still choose to disobey govt. laws. There are also people that have such personality and they choose to do, follow through, you know, business laws, rules and regulations. Depends on the person, yes, depend on the person.

<Internals\\INTERVIEWS\\17. (INT - FRL)> - § 1 reference coded [0.52% Coverage]

Reference 1 - 0.52% Coverage

In small informal businesses, because the customer is always right and since you deal with them one on one, you will receive insults and you won't have to bother about what people do to you or say to you since you just want to make your money or profit.

<Internals\\INTERVIEWS\\2. (INT - AC)> - § 1 reference coded [1.67% Coverage]

Reference 1 - 1.67% Coverage

I feel that humility is the best way to go about things because if you are proud or arrogant or you want people to see you as important, you might not be able to go far in business, because is not everybody that will be able to tolerate that kind of attitude. A person can seek to be important but he can be humble or arrogant.

<Internals\\INTERVIEWS\\22. (INT - IZ)> - § 1 reference coded [1.30% Coverage]

Reference 1 - 1.30% Coverage

Eh, that person can do so. Because he may do the formal one, uhn, may be he failed and then he now decided to do the informal one.....As much as he is alive, eh, he will continue. Like me, I have done many sort of businesses, I done many type of businesses, I didn't succeed in any of them. I have even sell bread, I have even sell drinks, there are plenty things that I have sold but I didn't succeed but I keep on riding. I now come into production

<Internals\\INTERVIEWS\\29. (INT - RSPK)> - § 1 reference coded [0.46% Coverage]

Reference 1 - 0.46% Coverage

Ordinarily if I want to be seen as an important person, I won't hide, ego does not hide. It will even make me to go and borrow money I know I cannot manage to start one big thing tomorrow.

<Internals\\INTERVIEWS\\36. (INT - VTO)> - § 1 reference coded [0.38% Coverage]

Reference 1 - 0.38% Coverage

Because when you operate informally, you have limits to what you can do and where you can go. For example you may not have a signboard to advertise your products.

<Internals\\INTERVIEWS\\4. (INT - AE)> - § 1 reference coded [0.22% Coverage]

Reference 1 - 0.22% Coverage

take life as they see it. They don't feel pompous.

Appendix 17: Nvivo data coding for individuals' risk-taking propensity

<Internals\\INTERVIEWS\\1. (INT - ABS)> - § 1 reference coded [1.06% Coverage]

Reference 1 - 1.06% Coverage

Someone may want to try his hand to see how profitable that small informal sector is and may be at the long run he will still have it at the back of his mind to still obey the law too. Having tried it and maybe he now finds the business profitable he may then now decide to start doing the business normally by now obeying the laws

<Internals\\INTERVIEWS\\12. (INT - CB)> - § 1 reference coded [4.77% Coverage]

Reference 1 - 4.77% Coverage

Of course..... , a risk taker can decide to do anything, those who do not value integrity, that is why we see armed robberies, we see crime, we see all sorts of things, because they are risk takers, so they choose to take risk any kind of thing but those who have respect for integrity and reputation, personality and all the rest, they will take risk to do any kind of ridiculous, when I say ridiculous, I mean, like somebody who has a master's degree and decided to sell tomato by the road side, he/she has come out and as Nigeria language, people keep saying no job. So a risk taker on the positive side could decide to go and sell tomato by the road side or sell pepper by the road side. That is a risk. The risk involved is that the person is ridiculing his/her academic qualifications. But in as much as a positive risk taker is concerned, that is just rather a stepping stone for the person, and before you know it, that small thing the person has decided to bring himself down and do is presenting him publicly above some income earners that may have been working for 5-10 years. It is a risk because you lower your level. You stand the chance of being mocked. You stand a chance of being ridiculed by people who knows you. But a risk taker is simply free in his or her mind, happy with what he or she is doing, because he has an aim to reach somewhere.

<Internals\\INTERVIEWS\\13. (INT - CS)> - § 2 references coded [1.69% Coverage]

Reference 1 - 0.89% Coverage

Well, there are people that have that personality but they still choose to disobey govt. laws. There are also people that have such personality and they choose to do, follow through, you know, business laws, rules and regulations. Depends on the person, yes, depend on the person.

Reference 2 - 0.80% Coverage

They might choose to take anyone. Like I said business generally is taking risk. It depend on who you are. It depend on the level of your enlightenment, it depend on your resources. So going into business generally is taking risk, whether small or big.

<Internals\\INTERVIEWS\\15. (INT - ELECTRO)> - § 1 reference coded [1.96% Coverage]

Reference 1 - 1.96% Coverage

Some people will be doing pure water, the person may do it for six months, if NAFDAC catch that person, all the money you have ate for that six months, you will vomit all of them. Don't you see it's a risk for them that wanted to do it.

<Internals\\INTERVIEWS\\17. (INT - FRL)> - § 1 reference coded [1.02% Coverage]

Reference 1 - 1.02% Coverage

I personally believe that it is a risk running your own business without government involvement or when it is not in line with govt. policies and regulations. It is a risk because you don't have anybody that you can look to when your business makes you cry. In fact, even your clients too know that you are doing that business without govt. approval so a client can dupe you, he can cancel your contract, the person can do anything. I think I have I had that kind of case in business and I lost money

<Internals\\INTERVIEWS\\18. (INT - FSH)> - § 1 reference coded [0.77% Coverage]

Reference 1 - 0.77% Coverage

People do that. People that do small business that don't obey the law are people that used to take risk. Some succeed but some go down from there.

<Internals\\INTERVIEWS\\20. (INT - IBS)> - § 1 reference coded [0.54% Coverage]

Reference 1 - 0.54% Coverage

It was because of they are not obeying, that is the risk they are taking. It is risk that will make somebody do business that he will not obey govt. law.

<Internals\\INTERVIEWS\\22. (INT - IZ)> - § 1 reference coded [0.72% Coverage]

Reference 1 - 0.72% Coverage

That person that is dodging tax and everything, it shows that that person doesn't have enough, uhn, so he will be doing his business on a risk, but he will be very scared. He will be wise to operate his or her business on that level of risk.

<Internals\\INTERVIEWS\\26. (INT - OpY)> - § 2 references coded [1.77% Coverage]

Reference 1 - 0.86% Coverage

Somebody will come out by the road side and which is dangerous to their health and just be selling. You see market women selling into half of the road, and we've had some cases where there are accidents that killed all these persons, so we have all these problems. So it's basically our issue of survival of the fittest.

Reference 2 - 0.91% Coverage

I think that might make him want to disobey govt. regulation. I think so because he is a risk taker, so he might also want to risk succeeding. Because of course if you want to obey govt. regulations most times, is not going to be easy because it might make you spend more money, it might make you go through a longer process, a longer time.

<Internals\\INTERVIEWS\\27. (INT - PRL)> - § 1 reference coded [1.99% Coverage]

Reference 1 - 1.99% Coverage

I personally believe that it is a risk running your own business without government involvement or when it is not in line with govt. policies and regulations. It is a risk because you don't have anybody that you can look to when your business makes you cry. In fact, even your clients too know that you are doing that business without govt. approval so a client can dupe you, he can cancel your contract, the person can do anything. I think I have I had that kind of case in business and I lost money.

<Internals\\INTERVIEWS\\29. (INT - RSPK)> - § 2 references coded [1.50% Coverage]

Reference 1 - 0.33% Coverage

No, it's only those who cannot take risk that will chose small business. If you are a risk taker, in fact the more risk, the investment

Reference 2 - 1.16% Coverage

They will obey govt. laws because the more risk you take is the more investment you make, and if you don't want your investment to fiddle away, you have to obey every necessary law. Circumventing laws itself is very risky. It si something that somebody intentionally decided not to observe and obey. So most times not obeying govt. law is, there are people who are experts in it, and anybody who is an expert in it or who sees it as a normal thing to do has that as a trait

<Internals\\INTERVIEWS\\3. INT - (ADM)> - § 1 reference coded [0.58% Coverage]

Reference 1 - 0.58% Coverage

those who have very little ability to take risk, they are always being very careful in starting their business, so they will want to start a business that, one, they will be able to manage

and then a business that they will be able to monitor, and a business that they will be able to grow from a very small scale

<Internals\\INTERVIEWS\\31. (INT - SM)> - § 1 reference coded [0.72% Coverage]

Reference 1 - 0.72% Coverage

So risk-taking is inherent in business. But the risk-taking will not make you to operate very, very low. Unless again, you want to test the market to see how risky it would be, see how you can mitigate those risks within that level, and see how you can keep growing over time in terms of the risk component of the business.

<Internals\\INTERVIEWS\\34. (INT - TM)> - § 1 reference coded [0.74% Coverage]

Reference 1 - 0.74% Coverage

So, risk-takers move higher than those ones that decide not to take risk. So, as a inherent risk-taker, it will make them to operate in a formal sector instead of the informal sector.

<Internals\\INTERVIEWS\\35. (INT - V)> - § 1 reference coded [1.57% Coverage]

Reference 1 - 1.57% Coverage

Is a heavy risk, because if you are doing your business without obeying govt. law, as I am here now, if I did not pay Obio-Akpor, I won't stay here. It means that those who are doing business without obeying govt. laws are also taking a risk of a different type. So the difference is the motive behind the risk

<Internals\\INTERVIEWS\\36. (INT - VTO)> - § 1 reference coded [1.30% Coverage]

Reference 1 - 1.30% Coverage

Ya, there is a connection between somebody's willingness to take risk and the size of business that person may decide to operate. If you are venturing into a business you have not done before, it is a risk. You may say okay, let me start small first, by the time I do this business one year, two years three years and see how it goes, I can now see whether I will now expand. Somebody who has the ability to take risk may decide to start big. It is a factor for somebody who doesn't like taking risk to say, oh, if I start big now anything happens?

<Internals\\INTERVIEWS\\4. (INT - AE)> - § 1 reference coded [1.15% Coverage]

Reference 1 - 1.15% Coverage

Most of these small scale business entrepreneurs they don't like to take risk that is why most of them do not obey the government laws or like acquiring loans from banks because they don't like to take risk. They don't want somebody to come and harass them

Appendix 18: Nvivo data coding for individuals' locus of control (internal locus of control)

<Internals\\INTERVIEWS\\10. (INT - C&I)> - § 1 reference coded [1.33% Coverage]

Reference 1 - 1.33% Coverage

No, it is the inverse of it. It is that link, that quality he has that will make the individual not to stay long in the informal sector but will shoot him out to the formal sector in a very short period. Even if such a person is currently in the informal sector, he still has the big picture. There is no relationship between his personality of attributing success and failure to others and him being in the informal sector. The relationship is inversely proportional

<Internals\\INTERVIEWS\\12. (INT - CB)> - § 1 reference coded [1.83% Coverage]

Reference 1 - 1.83% Coverage

Yes.....there is a two way answer to this question, there is the aspect of pride and there is aspect of still responsibility of character, that is, I blame myself for this failure....., I congratulate myself for this success..... there is an aspect of positive character in it and there is also the other way round of character, pride. Some people simply feels like this thing in my life can never be attributed to anybody..... If it falls on the pride side, the person will not choose small business

<Internals\\INTERVIEWS\\13. (INT - CS)> - § 2 references coded [0.94% Coverage]

Reference 1 - 0.20% Coverage

I think large number of them will want to obey govt. regulation

Reference 2 - 0.74% Coverage

.....the reason being that they will not want, you know, that aspect to, you know, they will not want to say okay, it's because of this that makes the business not functioning. So I think they will want to close all of those areas

<Internals\\INTERVIEWS\\17. (INT - FRL)> - § 1 reference coded [0.98% Coverage]

Reference 1 - 0.98% Coverage

Well, to me, I think it makes a person feel a sense of self-sufficiency – I can manage on my own, I can do everything - and when the person fails, the person always accept responsibility. Those kind of people that have this kind of character, they are the type that are doing the informal business more because they believe without govt. or whatever, I can survive, I can make it. So that kind of belief will make people want to operate on their own without wanting to involve anybody.

<Internals\\INTERVIEWS\\24. (INT - LUB)> - § 1 reference coded [0.72% Coverage]

Reference 1 - 0.72% Coverage

It can link to someone of doing a smaller business, if I fail, if I succeed it's my responsibility, it does not concern you. So let me do my things my own way. Even if I do it and fail, it's left to me alone and does not concern you. Such a thing, it can affect one to do a small business now...

<Internals\\INTERVIEWS\\26. (INT - OpY)> - § 1 reference coded [0.96% Coverage]

Reference 1 - 0.96% Coverage

I think such persons, eh.... A person that always takes responsibility of his actions and reactions. I think such person will want to be conscious, because he is somebody that believes that if something bad happens to me it's my fault, if something good happens to me, it's my fault. So such persons, I think will not likely dare into larger scale businesses

<Internals\\INTERVIEWS\\28. (INT - RC)> - § 1 reference coded [1.68% Coverage]

Reference 1 - 1.68% Coverage

People that can take their destiny by their hands, they are the people - these entrepreneurs you find all around they are people that can, as of failure, if I fail, it's me that fail, if I succeed, it's me that succeed. So I am not blaming on the, eh, it's the govt. that made me not to succeed. That is why they are doing whether small or big, they start from scratch and grow bigger

<Internals\\INTERVIEWS\\29. (INT - RSPK)> - § 1 reference coded [1.12% Coverage]

Reference 1 - 1.12% Coverage

Nobody will want to chose small business. Nobody will want to decide to chose a small business. It can only be circumstance. The truth is, that such a trait in the founder can never make a somebody remain low, unless somebody does not really understand what his destiny is or what he wants..... But I still believe that whoever that will want to say the achievement is mine, the success is mine, will not want to remain low or chose low business.

<Internals\\INTERVIEWS\\36. (INT - VTO)> - § 1 reference coded [0.60% Coverage]

Reference 1 - 0.60% Coverage

I don't think so because somebody who believes in himself believes he can succeed. For somebody to have confidence in himself, it means that person believes that he can succeed. So that may not be a reason why he will choose to do business informally

Reference 1 - 1.06% Coverage

They can also do big they can also do small, since they believe they will fail, they can win, they can succeed. They don't blame people for their failures. They can do small business. They can do big business. It's their mind set, it's what they believe.

Appendix 19: Summary of evidence in each sub-theme according to IS stakeholder groups

Stakeholder groups Study findings' sub-themes	State officials	Members of MBOs/IS operators	Strictly IS operators
Ambiguity in tax assessment	IR SM	RSPK SMJ	CB LUB OPY ADM TM ASH
Conflict of jurisdiction	C & I	RSPK SMJ ASH	CS AC LUB OPY RC ADM VTO YW AE
Ambiguity in registration	C & I CAI SM	-	CS FRL HTY LPG OPY RC ADM V VTO FAB
Unwholesome coalitions	IR	NSP	ABS CB FRL ADM SAT AE
Impunity in enforcement	CAI IR	AUT	CB CS FRL FSH OPY RC SAT APR
Institutional passivity/enforcement laxity	-	NSP PRL SMJ	FRL IBS IZ RC VTO
Clash between formal institutions and cultural beliefs/norms	CAI SM	SMJ	ABS CB FRL LUB ADM SAT VTO
Trade associations as competing institutions	IR	PRL RSPK ASH	IBS
Formal sector exclusion (broadly)	C & I	-	CB FIB
Formal sector exclusion (education)	C & I	RSPK	ABS CB CS DM ELECTRO FRL FSH HTY RC ADM
Formal sector exclusion (capital)	-	SMJ	ELECTRO AC IBS LUB ADM AE
Formal sector exclusion (quality standards)	SM	NSP	FIB FRL LPG LUB SY
Societal-level exclusion (broadly)	-	-	HTY OPY SAT
Societal-level exclusion (deprivation from access to public services)	C & I CAI SM	PRL SMJ	ABS CB FSH HTY IBS OPY RC VTO FAB
Need for achievement (need for importance)	CAI	RSPK	ABS CS FRL AC IZ VTO AE
Risk-taking propensity	SM	PRL RSPK	ABS CB CS ELECTRO FRL FSH IBS IZ OPY ADM TM V VTO AE
Locus of control (internal locus of control)	C & I	RSPK	CB CS FRL LUB OPY RC VTO YW

Note: Shown in each box across the three stakeholder groups and against each sub-theme, are the participants whose responses constitute the evidence for the findings for the corresponding sub-theme, as reported in the study. Participants are here represented by pseudo names using alphabets, for example, C &I, RSPK, FRL.

Appendix 20 : Ethical approval process and final approval

From: Chumber, Satya <Satya.Chumber@wlv.ac.uk>

Sent: 05 April 2016 15:12

To: Adike, Abinotam J.

Subject: RE: Ethical approval form ID 112076

Dear Adike

I am pleased to inform you that your ethical form has been approved.

Best

Satya

From: Adike, Abinotam J.

Sent: 05 April 2016 14:26

To: Chumber, Satya

Subject: Re: Ethical approval form ID 112076

Dear Satya,

Good afternoon and thank you for your email. In response to your email requesting me to provide clarification on how my interviews would be recorded and the electronic data stored, I submit the following:

1. Recording of Interviews

Interviews would be recorded using a small compact voice recorder. A voice recorder would be most appropriate since no images would be required as part of the data to be collected. Also, recording of the interviews is necessary considering that the information would require storage for the purpose of analysis, and since the human memory is incapable of recalling reasonably well information provided by the interviewees. Each interview would last for an average of forty five (45) minutes.

1. Storage of Data

Recorded information would be transferred to an external memory system that would be acquired specifically for that purpose. This storage device will always be locked in my filing cabinet and can only be accessible to my supervisors. The transcripts derivable therefrom would also be stored together with the electronic data storage device. In order not to

lose the electronic data, a back-up would be stored in the university computer and in a secured manner that makes it inaccessible to others. After about two years of storage, the data shall then be destroyed confidentially.

Kind regards,

Abinotam J. Adike

From: Chumber, Satya <Satya.Chumber@wlv.ac.uk>

Sent: 07 March 2016 10:25

To: Adike, Abinotam J.

Subject: FW: Ethical approval form ID 112076

Dear Abinotam

Please see Stuart Farquhar feedback, could you please address the concerns and I will forward them onto Stuart for consideration.

Please see the following link for guidance, <https://www.wlv.ac.uk/research/the-research-hub/the-research-policy-unit-rpu/ethics-guidance/> the data handling and security page may be of some use to you.

[Ethics Guidance - University of
Wolverhampton
www.wlv.ac.uk](https://www.wlv.ac.uk/research/the-research-hub/the-research-policy-unit-rpu/ethics-guidance/)

Ethics Guidance What is
Ethics? Ethics is a topic that
covers questions relating to
what kinds of lives we should
lead, what counts as a good
society, what actions ...

Best

Satya

From: Farquhar, Stuart S. (Dr)
Sent: 03 March 2016 14:22
To: Chumber, Satya
Subject: Re: Ethical approval form ID 112076

Dear Satya,

There are two issues regarding this application that require addressing prior to approval. There needs clarification regarding the data and the storage. Are the interviews to be recorded? If so, how is this to be done and how will the interviews be stored? Also how is the electronic data to be stored? They should check the university ethics handbook for guidance on these matters. Neither is a major issue and should not delay matters unnecessarily.

Regards,

Stuart

Dr. Stuart Farquhar, PhD
Senior Lecturer,

Department of Finance, Accounting, Systems and Economics,

Faculty of Social Sciences,

University of Wolverhampton,
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T: +44 (0)1902 323920

On 3 Mar 2016, at 10:53, Chumber, Satya <Satya.Chumber@wlv.ac.uk>wrote:

Dear Stuart

Please find enclosed an ethical approval form for your consideration.

Best

Satya

PT Research Administrator

Faculty of Social Sciences

University of Wolverhampton

MC Building

Wolverhampton

WV1 1LY

Tel: 01902 321636

<ID112076.docx>

Appendix 21: Interview Schedule

Part I: Participants' information and the nature of informal economic activities

1. What is your line of business?
2. How long have you been doing this business?
3. What is your age range?
4. What is your educational qualification?
5. What is your average income in a year?
6. Do you employ people that work for you that you pay salary or apprentice or do you have family members who work with you without salary?
7. Do you use manual labour or equipment/machines or both?
8. How do you get your machines?
9. How would you describe the nature of business activities that are done outside government laws and regulations?
10. How would you describe the different approaches that people adopt in doing business in response to the influence of government laws and regulations?
11. Which specific taxes or levies are small/family businesses mandated to pay?
12. How would you describe the income from small businesses that largely operate outside of the law?
13. How would you describe the nature of business relationship between bigger/registered businesses/companies and the small businesses that largely operate outside of the law?
14. How would you describe the attitude of government agents towards businesses which are operated outside of the law?

Part II: Factors influencing the growth and persistence of the informal sector in Nigeria)

1. How would you describe the laws guiding business in Nigeria in terms of their ability to address current problems related to doing business?
2. How would you describe the effect of government laws and regulations that are no longer in line with current realities in terms of how they can influence people to engage in business outside the law?
3. In what ways has the absence of flexibility in government rules that guide business activities influenced people to operate their business outside of the law?
4. In situations where government laws and regulations are perceived as unrealistic, how can operating of business outside of the law possibly serve individuals their purpose?
5. In what ways would laws and regulations that are conflicting influence people's decision to engage in business activities outside the law?
6. How do tax laws and guidelines that are not clear influence people to engage in business activities outside the law?
7. How would you describe the guidelines and laws for registering a business in Nigeria in terms of how clear they are?
8. When does enforcement of laws and regulations leave people confused regarding what they should do?
9. When property rights are not guaranteed and contracts are not properly enforced, in what way does this create confusion for business operators?
10. In your opinion, how would corruption possibly influence people's understanding of what the law requires of them?
11. When the laws and guidelines for regulating all aspects of business are not all available, how does this create room for operation of business outside of the law?
12. What is the relationship between the persistence of informal business activities in Nigeria and the cultural beliefs and norms within the society?

13. How does the adoption of laws and regulations from outside Nigeria to guide our local business environment influence people to operate their business outside the law?
14. In what ways is your business approach aimed at altering the existing government rules that guide business?
15. How would the clash between government regulations and local traditional beliefs possibly influence people's decision to engage in business activities outside the law?
16. How does your local traditional belief about tax payment influence your business approach?
17. In your view, how does an individual's perception of his educational qualification influence his/her choice between doing business in the mainstream economy and business outside of the law?
18. Which demands in the mainstream economy are you aware of that can possibly discourage participation of people from certain segments of the society?
19. What is the connection between people's inability to easily access needed resources for their business and their decision to operate their business outside of the law?
20. How does the inability of the mainstream economy to provide people with the required resources to start and succeed in business influence their decision to operate their business outside of the law?
21. How does perceived discrimination against certain segments of the society in terms of access to business resources influence people to operate outside of the law?
22. What in your opinion could possibly make an individual believe that operating a business outside of the law would increase other people's perception of his/her level of importance?
23. How reasonable is it for an individual to choose operating a business outside of the law because he/she wants to achieve a position of dominance in business relations?
24. How far do you think peoples' inherent drive to take risks can prompt them to choose operating a business outside of the law rather than in the mainstream economy?
25. Why do you think a person's character of always attributing his successes and failures to himself rather than to others would make him choose operating his business outside of the law?
26. What is the link between a person's character of attributing his successes and failures to other people rather than to himself and his preference for operating business outside of the law?

Appendix 22: Research Information Sheet

Institutional and social factors influencing informal sector activity in Sub-Saharan Africa: A Nigerian case study

My name is Abinotam Joshua Adike. I am a research student at the Centre for African Entrepreneurship and Leadership (CAEL)/Management Research Centre (MRC) of the University of Wolverhampton Business School, United Kingdom. I am undertaking my research on the factors influencing informal sector activity in Nigeria. This research is undertaken with appropriate guidance from a competent supervisory team – Dr Paschal U. Anosike and Dr Yong Wang.

Over the years, the informal sector in Nigeria has grown both in size and influence and is consequently receiving considerable attention. Therefore, the academic community, much like other stakeholders, have become interested in researching various informal sector phenomena. Such research output is vital to guide policy formulations towards improving the conditions of informal operators and promoting the growth of their businesses. On the basis of this understanding, the purpose of this particular research is to investigate the underlying factors that influence individuals to engage in informal economic activities. Such knowledge would help in understanding in what ways informal operators can be assisted.

To achieve this objective, you have been carefully and respectfully selected to participate in the study. This was in consideration of your knowledge of the informal sector. Your kind assistance is required to share your opinions, views, experiences, and suggestions regarding what influences people to engage in informal economic activities. If after going through the information provided, you give your consent to participate in the study, a copy of the interview questions would immediately be provided so that you can go through the questions and have a fair idea of the questions that would be asked eventually when the interview takes place.

I assure you that every bit of information you would provide would be treated with utmost confidentiality and used strictly for the purpose of the research. Your name will not be used by any means to identify you with the information you will provide. Further information is provided in the consent form where you will be required to either give your consent to participate in the study or decline participation.

Appendix 23: Consent Form

Institutional and social factors influencing informal sector activity in Sub-Saharan Africa: A Nigerian case study (Researcher: ABINOTAM JOSHUADIKE)

Tick in the boxes provided below

S/N	Statements of consent	Y	N
1	The purpose of the research is well understood as appropriate clarifications have been provided		
2	I understand that I can ask questions and have satisfactory answers to my questions		
3	I understand that my participation is voluntary and if at any point I become uncomfortable about participating I have the liberty to withdraw		
4	I understand that it is not mandatory for me to answer every question asked		
5	I understand and give my consent that the interview will be recorded to ensure the accurate reporting of my comments		
6	I understand that the interview will be treated with utmost confidentiality		
7	I understand that some or all aspects of the study and its findings may be published at some point and I give my consent		
8	I understand that I can stop the interview if I feel it is necessary to do so		
9	I understand that the interview will last between 45 and 60 minutes.		
10	I have read and understood the contents of the information sheet provided by the researcher and I do consent to participating in the research project		

Signed:

Date.....

Name (block)

I do confirm that the volunteer willingly consented to participate in the study, having read and understood the purpose of the study and what is required of him/her, and having received all the required clarifications about the study.

Researcher:..... Date:.....

Name (Block):.....